FINANCIAL TIMES

No. 29,781 *** Saturday November 16 1985

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WORLD NEWS

Relief aid for volcano survivors

Governments and relief organisations yesterday swung into action to help survivors of Wednesday's Nevada Ruiz volcano disaster in Colombia. Up to 20,000 people are feared to have died—most of them in the town of Armero.

In Europe the League of Red Cross Societies said contributions had reached about $700,000 (£492,000). The EEC announced a $400,000 relief package.

In Colombia, President Belisario Betancur took charge of relief operations after flying over the area. Page 2

Coach speed controls

The Government is to insist that coaches are fitted with speed-governing devices, so that they do not exceed 70 mph. Last month 13 people died when a coach crashed into vehicles on the M6 in Lancashire. Page 3

Liberian rebel shot

Liberia's President-elect Samuel Doe said that Gen Thomas Quiwonkpa, leader of this week's abortive coup, had been shot dead by soldiers. Page 2

Blast near tour hotel

An explosion last night damaged an entertainment centre near a hotel at Welkom in South Africa's Orange Free State, where a rebel Australian cricket team is staying.

Further rape charge

A 22-year-old man, who appeared in court on Thursday charged with the murder in London of Jacqueline Murray and two rapes, was further charged last night with rape in the Epsom area on October 16.

Sunday trading move

Sunday trading and longer weekday shopping is likely to take effect next summer if parliament approves the Shops Bill published yetserday. Page 3

Comet Radiovision was fined £12,000 on 12 charges of illegal Sunday trading at Scunthorpe.

Ex-PC wins damages

The High Court held Kent County Constabulary negligent for failing to provide former PC Anthony Mathews with a Nato-style helmet, recommended by the Home Office, for anti-riot training. He was awarded £99,500 damages for a head injury.

Heysel cases possible

The Director of Public Prosecutions is still considering whether to prosecute 29 Britons over the soccer riot at Heysel stadium, Brussels, in which 39 people died, the Commons was told.

Indian floods toll up

In Tamil Nadu, India, 120 villagers were feared drowned, raising the death toll from floods in the state to 250.

Beirut shell deaths

Three people were reported killed and five wounded when a shell hit a Christian suburb in the Lebanese capital of Beirut.

Suspected Nazi held

A man believed to be Walter Kutschmann, a Nazi accused of killing 2,000 Polish Jews in the Second World War, was arrested in Buenos Aires, Argentina, after an extradition request from West Germany.

Mother may be freed

Australian Lindy Chamberlain, who has served three years of a life sentence for killing her baby daughter at Ayers Rock, may be released soon on licence. She claimed in her trial that the child was taken by a dingo.

Learning to park

Parking fines unpaid by foreign diplomats have been cut by over half in the past year following tough government measures, a Commons written reply said.

BUSINESS SUMMARY

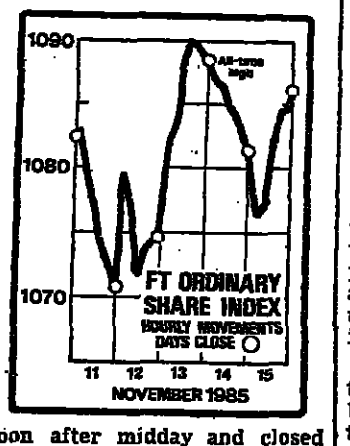
Sharp fall in rate of inflation

ANNUAL INFLATION rate in the UK fell sharply last month to 5.4 per cent, reinforcing the Government's confidence that the pace of price rises will continue to slow.

The Department of Employment said the retail price index rose 0.2 per cent in October pushing th year-on-year inflation rate down from 5.9 per cent the previous month. Back Page

US WHOLESALE prices increased 0.9 per cent last month, showing t heir largest increase in more than four years and reviving the spectre of inflation. Page 2

EQUITIES began slow until the stores sector came alive on take-over speculation and investor interest in other sectors followed. The FT-SE 100 share index breached the 1400 mark soon after midday and closed 12.2 up at a record 1403.9, while the FT Ordinary index closed 5 points up at 1086.1, only 2.7 short of Wednesday's peak and 3.6 up on the week. Page 14



INTERNATIONAL TIN Council set up a working group to consider Standard Chartered Bank's proposals for solving the tin market crisis. Back Page

MINERS in the breakaway South Derbyshire area and the Daw Mill pit in Warwickshire have voted overwhelmingly in favour of accepting the NCB's 5.9 per cent pay offer. Page 4

INDUSTRY in the UK is spending twice as much on computerisation as on machine tools, according to a survey by computer companies and the Trade and Industry Department. Back Page

PLANNED LAWS to extend government control over nationalised industries as a whole have been abandoned, although the Government may strengthen its powers over individual corporations. Page 4

LORD MATTHEWS, aged 66, will not be standing for re-election in January as non-executive chairman of Trafalgar House, the property and shipping group. Page 4

ARTHUR BELL chairman and chief executive Raymond Miquel is to resign from the Scotch whisky distiller. His successor will be Guinness chief executive Ernest Saunders. Page 4

BEECHAM, the UK pharmaceutical and consumer products group, is in talks with Pantry Pride of the US to acquire its Norcliff Thayer subsidiary for up to $400m (£281.2m). Back Page

EXCO International, the money broking group, asked its joint stockbrokers de Zoete and Bevan to resign following the sale of a 22.2 per cent Exco holding to Malaysian property owner Tan Sri Khoo Teck Puat. Page 10 and Lex, Back Page

POLLY PECK International shares plunged 52p to 173p after L. Messel, stockbrokers for the fruit packing, electronics and water bottling company, reduced its profits forecast for the year ended September 1985. Page 10

WOLVES Football Club won a reprieve when an attempt in the High Court failed to compulsorily wind-up its owners, Allied Properties. Page 3

Thatcher signs deal giving Dublin a role in N. Ireland

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

THE British and Irish governments yesterday signed an agreement establishing the Republic's right to regular, formal participation in Northern Ireland's affairs. The deal will be binding when ratified by both parliaments.

This is the most important step towards breaking the political deadlock and violence in Northern Ireland since the 1973 Sunningdale agreement — possibly since the partition of Ireland in 1921—and involves big risks for both governments.

The agreement, signed at Hillsborough, Co Down, by Mrs Margaret Thatcher and Dr Garret FitzGerald, the Irish Prime Minister, means that Irish ministers will be able to intervene — though not overrule the British Government — in policy-making on matters including security, politics and the administration of justice.

The terms of the agreement are clearly designed to put pressure on the Unionist parties of Northern Ireland to concede nationalist demands for power-sharing and to negotiate a form of devolved government for the province on that basis.

However, the agreement includes formal recognition — the first in an international treaty — of the constitutional position of Northern Ireland and its right for this to remain unchanged until a majority of its people so wish.

"There is no derogation from the sovereignty of either the United Kingdom Government or the Irish Government," the agreement states.

Dr FitzGerald has pledged to introduce into the Irish parliament proposals to accede as soon as possible to the European Convention on the Suppression of Terrorism, which provides for extradition for terrorist crimes. This is a big concession which may bring him considerable political difficulties.

The role of the Irish Government, the agreement says, will be confined to those areas not devolved to a Northern Ireland administration "which would secure widespread acceptance throughout the community." (This phrase has come to mean "power-sharing.")

The two governments failed to agree on several central aspects of security and the administration of justice. These include the setting up of mixed courts, a reduction in the role and visibility of the Army in the north; and reforms to remove all sectarian bias from the Royal Ulster Constabulary and the Army, particularly the Ulster Defence Regiment.

They were intended to boost public confidence in the administration of justice, a need underlined in the agreement, as is the need to improve relations between the minority community and the security services.

These were the issues on which the talks threatened to founder. The two sides compromised in a commitment to work for agreement on these issues, as a matter of priority, from the day the agreement comes into force. No timetable is included.

The cornerstone of the agreement is an Intergovernmental Conference, a ministerial body loosely based on the EEC Council of Ministers, though final decisions will remain firmly in British hands.

Irish ministers will be no more able to veto British decisions, nor to force them through, than they were in previous talks in the Anglo-Irish Council set up in 1981.

Where the new institution strengthens the Irish position, as Mrs Thatcher declared yesterday, is that ministerial talks will now be on a regular, rather than an ad hoc basis and that both governments are committed by international treaty to resolving their differences.

The conference will be backed by a permanent secretariat, drawn from the civil services of both countries. Mrs Thatcher said it was expected that this would be established in Belfast, though this is not mentioned in the text.

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Details of agreement and further reaction, Pages 6 and 7; Politics Today, Page 8

MAIN AREAS OF AGREEMENT

- A framework agreement setting up an Intergovernmental Conference of ministers, loosely based on the EEC Council of Ministers.
- The Conference to meet regularly to discuss policy on political, security and judicial matters and possible legislation in these areas.
- A permanent secretariat to be set up in Belfast to service the Conference.
- The role of the Conference to extend only to those areas not devolved to any power-sharing government that may be set up in the north.
- Priority to be given to consideration of mixed courts, with northern judges setting with those from the south.
- Development of programme to improve relations between police and the minority community.
- The Irish Government to put proposals to Parliament for adherence to the European Convention on the Suppression of Terrorism.
- The framework agreement to be registered at the United Nations and the working of the Conference to be reviewed after three years
- A decaration by both governments that the constitutional position of Northern Ireland should remain unchanged so long as the majority so wish
- The two governments to support any move by the two parliaments to set up an Anglo-Irish Interparliamentary body to debate Anglo-Irish affairs including Ulster.

Haughey and Ulster Unionists reject pact

BY OUR DUBLIN AND BELFAST CORRESPONDENTS

THE ANGLO-IRISH agreement was welcomed in London by the leaders of the Labour and Alliance parties last night but led to the immediate resignation of a junior government minister. The accord was rejected in Dublin by Mr Charles Haughey, the Irish Opposition leader and in Belfast by Unionists leaders, who said the 15 Unionist MPs would resign their seats in the Commons if Mrs Thatcher refused to hold a referendum on it.

In London last night Mr Ian Gow, Treasury Minister of State and former parliamentary secretary to the Prime Minister resigned from the Government over the accord. Mr Gow had lobbied vigorously against the legislation setting up the Northern Ireland Assembly introduced by Mr James Prior, former Northern Ireland secretary three years ago.

Up to now one of Mrs Thatcher's most loyal suporters, Mr Gow, MP for Eastbourne, said in his resignation letter: "I cannot support this change of policy. It follows that I cannot remain in your Government. I send this letter with deepest regret."

Mr Haughey came out against the agreement, in spite of earlier indications that he might take a moderate view. He said: "It is a sad day for Irish nationalism and the agreement has dealt a severe blow to Irish unity."

Mr Haughey said his Fianna Fail Party would "almost certainly" take major action in regard to the agreement if it won the nevt Irish election.

Mr Haughey's objections centre on guarantees that the consent of a majority in Northern Ireland would be necessary for any constitutional change.

He said it was the first time that such firm guarantees had been given by an Irish Government and they would be enshrined in a full-scale international agreement. An Irish government for the first time had not stated specifically the objective of Irish unity.

His comments were rejected by Dr FitzGerald, the Irish Prime Minister, when he returned to Dublin after signing the accord. Mr Haughey has also distanced himself from the main Northern Ireland nationalist party, the Social Democratic and Labour Party.

The Rev Ian Paisley, leader of the Democratic Unionist Party, and Mr James Molyneaux, the Official Unionist leader, said they would instruct party memebers to withdraw immediately from all government agencies and advisory bodies in Ulster and would expel anyone who refused.

Mr Molyneaux said the agreement "represents the end of the Union as we have known it."

He said it was "an ill-disguised Trojan horse," and that the Dublin Government, which claimed territorial jurisdiction over Ulster, had been given an all-pervasive voice in all aspects of life in the province.

At a Stormont press conference, Mr Paisley said: "The Unionist leaders have agreed a course of action designed to derail this monstrous conspiracy and set the province back to peace, prosperity and good govenment."

Mr Paisley said the Unionists would ask Mrs Thatcher to announce in her Commons statement next week the holding of a referendum to allow the people of Northern Ireland to give their answer.

He said: "If she doesn't and if parliament approves this deal, without consulting the people of Northern Ireland we will invite all Unionist members of parliament to resign their seats."

Earlier, during a noisy and often unruly demonstration outside Hillsborough Castle, where the signing took place, Mr Paisley told supporters that the time for talking was over

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S. Africa extends debt standstill

By Anthony Robinson in Johannesburg and Peter Montagnon in London

SOUTH AFRICA has unexpectedly postponed a meeting with bank creditors scheduled for November 26 and announced it will extend the debt repayment standstill due to expire at the end of the year.

At the meeting, South Africa had been planning, unknown to many creditors, to present a set of proposals for a formal rescheduling of the $14bn (£9.8bn) in foreign debt caught up in the repayments freeze.

The decision to postpone the meeting until early in the new year was taken on Monday after the proposals were submitted to Dr Fritz Leutwiler, the former Swiss central banker and chairman of the Brown Boveri engineering concern, who has been acting as mediator between the South African Government and its bank creditors.

A statement issued by Dr Leutwiler yesterday said South Africa may announce certain modifications to the payments freeze later this month. Dr Chris Stals, chairman of South Africa's standstill co-ordinating committee, said the moratorium would be extended for a limited period only, probably about four months.

Deferring the November 26 meeting would allow Dr Leutwiler to digest and discuss with creditor banks the large amount of additional information provided by the standstill committee following his first meeting with 30 large creditor banks last month. The postponement would also give him more time to study the rescheduling proposals, Dr Stals said.

But speculation mounted in the banking community yesterday that the postponement was agreed out of worries that continuing political problems facing the government of President P. W. Botha might lead to a negative response from bank creditors if the rescheduling plan were presented now.

In an interview with Swiss television earlier this week, Dr Leutwiler strongly criticised the South African government for imposing media censorship on coverage of the unrest and failing to move faster towards reform.

The international financial community's expectations of reform were outlined yesterday in Johannesburg by Mr Rimmer de Vries, chief economist of Morgan Guaranty Trust, who called at an investment conference for "constitutional evolution to bring about an increased level of democracy that can be

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WEEKEND FT

DEER HUNT

Is hunting a barbaric sport or simply a way of country life? Ian Hamilton Fazey follows the hounds.
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CASH ON HOLD

The young appreciate cash more than an inappropriate gift. Margaret Hughes suggests ... at the Christmas bill.
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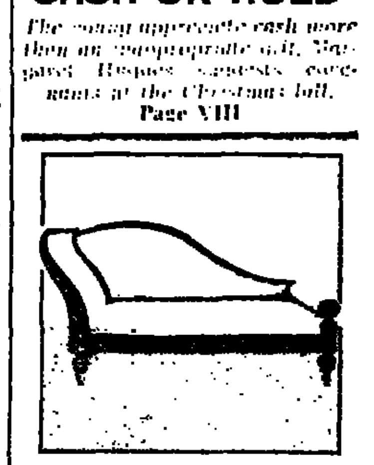
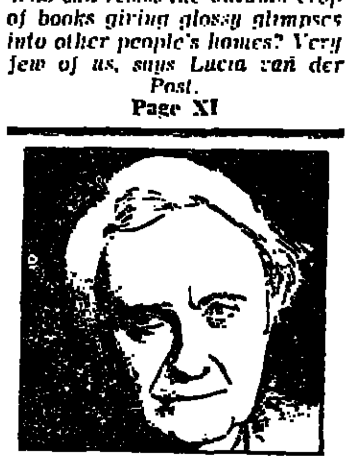


HOME VIEW

Who can resist the autumn crop of books giving glossy glimpses into other people's homes? Very few of us, says Lucia van der Post.
Page XI



CHAINED MUSE

Sir Stephen Spender has struggled to prevent public duties drowning out his calling as a poet, says Anthony Curtis.
Page XIV

PM urged to act on City fraud

By Peter Riddell and John Moore

SIR NICHOLAS GOODISON, chairman of the Stock Exchange, has taken the unprecedented step of writing to the Prime Minister urging tougher government action against City scandals, highlighted by the alleged fraud in the Lloyd's insurance market.

His letter apparently points out the potential dangers to the City's reputation from the absence of legal action in affairs such as that of the alleged fraud.

He urges the Government to take a more urgent and energetic line against possible malefactors to prevent the impression of laxity of standards in the City.

Sir Nicholas's letter is unusual both because it is addressed to the Prime Minister and because he has raised the issue of the regulation of City institutions which are outside his immediate responsibilities.

Downing Street officials have refused to confirm or deny receiving such a letter from Sir Nicholas. It is understood that he discussed its contents with senior members of the Stock Exchange Council.

Sir Nicholas's concern about the dangers of financial problems and frauds undermining the City's standing is shared by a number of senior

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TSB flotation to be delayed some months

BY DAVID LASCELLES, BANKING CORRESPONDENT

FLOTATION of the Trustee Savings Bank, planned for February, is to be delayed for several months because of the uncertainty into which its ownership was plunged this week.

Sir John Read, the chairman, said yesterday that the decision on the delay was "a disappointment." The TSB had no alternative because of the Treasury's unwillingness to issue a vesting order after Tuesday's ruling by a Scottish judge that TSB's assets belong to its depositors.

The vesting order—the final step prior to flotation—would vest the assets of the TSB in the new public company which is to be floated off.

The TSB is to join in an appeal with the Treasury against the Scottish court ruling. But that could take several months, particularly if the case is pursued to the House of Lords, and the TSB believes it would be impracticable to continue the preparations for flotation in view of the likely long lead times.

Asked how long the delay might be, Sir John said: "It could be three months, it could be six months."

The TSB had a meeting with the Bank of England yesterday at which possible "slots" in the Bank's issue queue were identified later in 1986, so that a delay can be fitted into the City calendar. The Bank would not say whether this meant other potential issuers had been juggled around to make room. Aside from whatever plans there are for private sector issues, next year is expected to see the flotation of at least five government-owned entities—including British Gas and British Airways.

TSB executives were yesterday barely able to conceal their bitterness over the delay. But Treasury officials said it was clear that the Government could not assign ownership of assets the status of which was in question. However, they refused to speculate about what results from the judicial process would reopen the way to vesting.

The TSB will now have to write to the more than 200,000 people who contacted its share information office for details of the flotation and explain what has happened. Leaflets and advertising for the flotation are also being withdrawn.

The sale of TSB had been expected to raise about £1bn, making it by far the largest bank flotation seen in the UK. The TSB Act was framed to vest its assets in the new company in which shares could be sold to the public. Yet ownership of the TSB had always been a moot point, and Scottish depositors took advantage of the uncertainty to assert their claims.

MARKETS

DOLLAR

New York lunchtime:
DM 2.62425
FFr 7.9965
SFr 2.1495
Y204.3

London:
DM 2.6220 (2.6165)
FFr 7.9850 (7.9700)
SFr 2.1520 (2.1440)
Y204.20 (203.35)

Dollar index 129.3 (129.1)
Tokyo close Y203.35

US LUNCHTIME RATES

Fed Funds 8⅛%
3-month Treasury Bills:
yield: 7.59%
Long bond: 104 21/64
yield: 10.16%

GOLD

New York: Comex December
latest
$325.5
London $324.75 ($325.75)

STERLING

New York lunchtime $1.4210
London: $1.4225 (1.4275)
DM 3.73 (3.7350)
FFr 11.3575 (11.3775)
SFr 3.0650 (3.0600)
Y290.50 (290.25)
Sterling index 79.5 (79.6)

LONDON MONEY

3-month interbank:
closing rate 11$\frac{15}{16}$% (11¾)
3-month eligible bills:
buying rate 11$\frac{7}{16}$% (11$\frac{7}{16}$)

STOCK INDICES

FT Ord 1086.1 (+5.0)
FT-A All Share 682.04 (+0.7%)
FT-SE 100 1403.9 (+12.2)
FT-A long gilt yield index:
High Coupon 10.51 (10.51)
New York lunchtime:
DJ Ind Av 1442.09 (+2.87)
Tokyo:
Nikkei 12637.44 (+47.93)

Chief price changes yesterday, Back Page

SELLING PRICE IN IRELAND 55p

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Swiss don uniforms for summit but shun flag-waving

MR HANS ALBERS, proprietor of the Creux de Genthod, closed his restaurant last Monday, handed over his keys, dumped his golf clubs in the boot of his car and went on holiday, William Dullforce reports from Geneva.

He is one citizen of Geneva who *will not* be around when President Ronald Reagan and Mr Mikhail Gorbachev come to town next week but he is being paid for clearing out.

His highly reputed establishment, splendidly sited in woods by an old mill race, happens to be a short walking distance from the villa where Mr Reagan will be staying.

The American cooks who have taken over Mr Albers' kitchen will be feeding the

THE SUMMIT

White House security guards. Whatever their gastronomic preferences they are not likely to be eating the râble de lièvre or the omble chevalier which attract Mr Albers' regular clients.

Another Hans has had his routine changed by the summit. Dr Hans Meyer has left his office in Zurich and *donned his Colonel's uniform.* He commands the 10th infantry regiment which has been mobilised and transferred to Geneva.

In civilian life Dr Meyer is one of the three members of the governing board of the Swiss National Bank which *decides* the country's monetary policy. Typical of the Swiss, one might say, to believe that a man responsible for securing the value of their money *is* the most suitable for securing safety of the summit talks.

Switzerland's militia army is a *practical no-nonsense* affair and the Swiss approach to security is equally direct. Soldiers guarding the airport, cordoning the visiting leaders' residences and reinforcing the borders will shout only *one* challenge at suspicious characters before opening fire, Brigadier Henri Lutty, the soldier in overall charge of the Geneva security operation, warned journalists.

The soldiers would only be carrying light weapons, he assured. But the 10th regiment comes from the German-speaking part of Switzerland: might there not be language difficulties?

No problem, the brigadier said firmly. The Swiss soldiers were used to taking orders in their country's three languages, German, French and Italian. Could they challenge in English? or Russian? At least the message was clear: do not take chances with Swiss guards.

The Swiss themselves describe their security measures as Draconian. Demonstrations, pacifist included, have been banned. Aircraft are prohibited from flying over the areas where the leaders will be staying. No movement of boats will be allowed along the lake shore.

Of the many small crossing *points along the border where* the Canton of Geneva curls like a little finger into France, 11 are being closed. The 10th regiment is reinforcing the regular police at the others and will patrol the whole border.

Some 2,000 troops will back up the police, which means that about 3,000 Swiss will spend the coming weekend guarding their very important visitors. That is roughly the *number of journalists* and media people that the cantonal authorities calculate will be here to cover the show.

Among them is one who has aroused special curiosity. Ronald—the son of President Reagan, has applied for accreditation to cover his father's meeting with Mr Gorbachev for Playboy magazine.

The Genevese understand very well that they are lending their city for a world spectacle. The city fathers *think the cost and bother will* be well compensated for by the demonstration of Geneva's international status that will be beamed on television to the US, Japan and through Eurovision.

The showmanship will be left to the great actor. Geneva will keep the floodlights on the Jet d'Eau, the 130-metre tall fountain at the end of the lake, and on some historic buildings and statues, but even without the exigencies of security Messrs Reagan and Gorbachev would not have got a flag-waving welcome from street-lining crowds. Discretion and respect for privacy is a Swiss virtue.

Older citizens recall with pride a caricature that appeared in a local paper 30 years ago when President Eisenhower came here for a four-party summit with Nikolai Bulganin, Anthony Eden and Edgar Faure.

It showed *four* Genevese fishing for perch from the quayside, their backs firmly turned to Eisenhower arriving for one of the meetings at the Hotel du Rhone in the background.

Amateurs of historic portents and parallels will recall that in Geneva in 1955 Eisenhower made his dramatic "open skies" offer to the Russians. They would not buy it then. Now President Reagan has them worried over his Star Wars plans.

Historic harbingers may be found on the Soviet side, too. Mr Gorbachev will certainly know that Lenin lived in exile here in the early 1900s. It was indeed a Swiss printing house that published a seminal work in the history of the Soviet communist party and revolution, his One Step Forward, Two Steps Backward. Could that be a portent for next week's summit?

W. Germany expects to raise DM 460m from privatisation

BY PETER BRUCE IN BONN

THE West German Government expects to raise DM 460m (£123m) when the first tranche of its long-awaited privatisation programme gets under way next year. This was revealed in an amended, and probably final, 1986 budget draft passed by the parliamentary budget committee here yesterday.

The committee has also cut DM 1.5bn off the DM 25bn budget deficit target originally planned by the Government when it presented its budget proposals earlier this year, but has had to restore large cuts *planned* by the Economics Ministry in a drive to cut down on state payments to industry.

The draft passed by the committee will now be passed back to Parliament in Bonn for discussion but, despite opposition complaints that provisions for unemployment are mean, it is highly unlikely to suffer further tampering.

Overall, government spending for next year will remain as planned—some DM263.5bn or about 2.3 per cent higher than 1985.

According to the final draft, Mr Gerhard Stoltenberg, the Finance Minister, intends to cut the Government's stake in three "privatisation" targets

● The 87.44 per cent in VIAG, the energy, aluminium and chemicals holding company, of which the country's biggest aluminium producer VAW is a part, will be cut to 40 per cent.

● The 95 per cent stake in Prakla Seismos, a Hanover-based oil and gas exploration group, will also be cut to 40 per cent.

● The 100 per cent holding in the IVG industrial management, transport, ship-repair and property group will be cut to at least 49 per cent.

Economics Ministry plans to cut its spending next year to DM 4.09bn from DM 5.02bn have virtually collapsed, largely because the budget committee has almost doubled the coal subsidy originally planned. The coal industry is supported by the state making up the difference in price between expensive local coal and traditionally cheaper coal on the international market, which is normally priced in dollars. Because the dollar has begun to weaken against the mark, the price difference has widened and the ministry's budget for next year has been fixed at DM 4.77bn.

Bank of France lowers key money market rate

BY DAVID HOUSEGO IN PARIS

THE BANK of France (the French central bank) yesterday took further action to force down interest rates while seeking to prevent the move from leading to an any fresh acceleration in monetary growth

The Bank announced a lowering of its intervention rate — the key money market — by ¼ per cent to 8¾ per cent. At the same time it increased the volume of reserves that the commercial banks are compelled to hold with the central bank.

The lowering of the intervention rate is in line with the continuing fall in the French inflation rate and reflects the Government's anxiety to bring down its borrowing costs. The *year to year inflation* rate fell to 4.9-5.0 per cent at the end of September, according to figures issued on Thursday. The Bank feels in a stronger position to *take advantage of falling* inflation because of the continuing strength of the French franc within the European Monetary System.

At the same time the raising of the compulsory reserve requirements reflects the Bank's concern that the growth of M2 is continuing to overshoot the official targets. M2 had expanded by 6.9 per cent on a 12-month basis at the end of September as opposed to an official target of 4-6 per cent.

Under the measures announced yesterday, the reserve requirement on commercial bank lending is raised from 0.1-0.2 per cent while that on sight deposits is raised from 2½ per cent to 3 per cent.

David Marsh adds: The US current account deficit is likely to increase in the short term as a result of the dollar decline brought about by the group of Five currency agreement in September, Mr Beryl Sprinkel, chairman of President Reagan's council of economic advisers, said yesterday.

"We are not projecting unfortunately a quick turnaround," he said after a two-day meeting of the Organisation for Economic Co-operation and Development's economic policy committee.

"In the short run, when a currency depreciates, the current account gets worse, not better — we've got a long way to go."

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Nato agrees joint arms development programme

By Ivo Dawnay in Brussels

NATO MINISTERS yesterday agreed to join a $200m US scheme to develop research and development projects aimed in the longer term to promote collaboration on armaments production.

The decision, reached at a special meeting of junior defence ministers in Brussels, represents a significant breakthrough after years of arduous discussions on how to halt the duplication of effort by arms producers within the 16-nation alliance.

Mr William Taft, the US Deputy Defence Secretary, said the move represented "very substantial progress" towards a more efficient Nato armaments programme.

It was also welcomed by Mr Jan van Houwelingen, the Dutch minister currently chairing the Independent European Programme Group (IEPG) on weapons collaboration.

He said that six specific projects had been identified by the group at a meeting in the Hague this week. These cover work on 155mm ammunition, targeting systems, pilotless drones, a new Nato frigate, short range anti-radar missiles and a friend-or-foe indentification system.

The so-called Nunn amendment to the 1985 US appro*priations* Bill was passed last week in Congress authorising the $200m to be set aside for the project. The implicit US threat was that if the European *allies failed to at least* match the offer, Congress would be tempted to reduce US military commitments in Europe.

Lisbon growth programme

By Diana Smith in Lisbon

CONTROLLED expansion of the economy after two years of deep recession is the keynote of the upbeat programme presented to the Portuguese parliament yesterday by Prof Anibal Cavaco Silva, the Prime Minister.

Stressing that balance of payments deficits had been overadjusted with socially-unacceptable effects on the living conditions of the Portuguese, the leader of the new minority Social Democrat Government, called for a revival of production and investment with a strong accent on exports and import substitution.

He promised that civil service interference in the economy would diminish and that the private sector would be encouraged so that competitive market forces could function more efficiently.

US wholesale prices rise sharply

BY NANCY DUNNE

US WHOLESALE prices increased 0.9 per cent last month, according to the Labour Department, showing their largest increase in more than four years and reviving the spectre of inflation.

The driving force behind the surprising rise was a boost in the wholesale price of meat and a 5.1 per cent leap in the cost of 1986 cars, which had been unusually low in September and August when dealers offered cut-rate financing. Inflation so far this year is running about 0.9 per cent, still well below 1984, which ended with a 1.7 per cent annual increase.

The rise in wholesale prices was the largest since April, 1981, and it comes after the index fell 0.9 per cent in September and 0.7 per cent in August. In fact, some economists suspect that the figure is a "fluke" which merely erases the declines registered in the previous two months.

Meanwhile, the Federal Reserve Board yesterday reported that US industrial output had registered no change in October. Some economists had predicted an improvement in production, but automobile manufacture fell 6 per cent because of a strike against Chrysler, and other sectors were not strong enough to brighten the picture.

The rise in wholesale prices was bad news for manufacturers — a 3.1 per cent leap in the price of raw materials was even worse news.

Production of durable goods last month fell 0.6 per cent, after a decline of 0.8 per cent in September. Production of non-durable goods rose 0.5 per cent, the same as in September, and business equipment output expanded by 3 per cent last month after dropping slightly in September.

Many economists are expecting a downward revision in the 3.3 per cent preliminary third-quarter gross national product growth rate and less than 3 per cent growth in the fourth quarter.

Meanwhile, President Reagan once again avoided economic chaos *in the Government* by signing a measure boosting the federal borrowing authority to $1,900bn. It is expected to give the Government enough money to operate for three more weeks, until the President is safely back from Geneva.

Betancur heads volcano disaster relief

BY OUR FOREIGN STAFF

PRESIDENT Belisario Betancur of Colombia has taken personal charge of the relief operations in the wake of the disaster caused by the eruption on Wednesday of the Nevada Ruiz volcano, some 100 miles from the capital Bogota.

The disaster in which up to 20,000 people are feared dead is the second major challenge to President Betancur this month. Last week 97 people were killed when the Colombian army stormed the Palace of Justice in Bogota after it had been seized by left-wing guerrillas. The government's handling of the siege is now being debated in Congress and it risks being censured.

President Betancur flew over the disaster area — fertile coffee growing valleys dominated by Andean peaks — and spent Wednesday night there.

When the volcano erupted it melted the snow cap of the mountain which rises 16,200 feet (5,400 metres) in the Andean chain. This sent mud and water pouring down its slopes on to the communities below.

Most of the casualties were in the town of Armero.

This is the worst volcano disaster in South America. Ash was yesterday detected as far away as Venezuela, and the waters of nearby rivers were coloured yellow with sulphur from the volcano.

Aid relief poured into the country following President Betancur's appeal on Thursday. The US despatched 12 helicopters from Panama. Neighbouring Venezuela and Ecuador immediately sent *relief supplies.* The International Red Cross in Geneva broadcast an appeal for the most urgently needed items like portable power generators, water treating equipment, flashlights and tents.

By nightfall yesterday just over 4,000 bodies had been recovered from the mud and wrecked buildings of Armero. But it is feared that over 80 per cent of this town's 20,000 inhabitants are dead.

● An appeal for disaster relief funds has been launched by the Red Cross. Cheques should be made payable to the *Red Cross* Colombia Appeal and sent to the British Red Cross Society, 9 Grosvenor Crescent, London SWIX 7EJ.

Liberia coup leader shot dead

BY PETER BLACKBURN IN ABIDJAN

THE LEADER of this week's *abortive coup in Liberia,* Gen Thomas Quiwonkpa, has been killed, President elect Samuel Doe announced yesterday morning in a radio broadcast.

Gen Quiwonkpa was captured by loyal soldiers and shot shortly after dawn near the state radio station about eight miles from the centre of Monrovia.

His bullet-riddled body was later put on public display at an army barracks in Monrovia.

Gen Doe was among the crowds which poured in to look.

Gen Quiwonkpa was known to favour a quick return to civilian rule and soon after launching this week's coup attempt *he announced that fresh elec*tions would be organised.

Meanwhile, there are growing fears that a wave of revenge killings of rebel troops and civilian opponents may have started. There are reports of lorry loads of dead bodies being seen in Monrovia.

The headquarters of the Liberia Action Party, popularly believed to have won last month's elections, have been burned down and several of its leading members arrested and *their homes looted.*

There are also fears that the planned return to civilian rule in January 1986 may now be delayed. The country's borders and international airport remain closed and a dusk-to-dawn curfew is in force.

Gandhi names close aide as minister

By K. K. Sharma in New Delhi

INDIA'S Prime Minister, Mr Rajiv Gandhi, yesterday promoted a close aide who played a key role in defusing the crisis in Punjab to the post of Commerce Minister in an expanded cabinet.

Mr Arjun Singh resigned as governor of Punjab on Thursday after successfully guiding the troubled state through a long period of terrorist activity.

Mr Gandhi did not make Mr Singh his defence minister as expected and retained this key portfolio himself at a time when India's relations with Pakistan are under strain because of border clashes in Kashmir and Pakistan's nuclear programme.

Mr Shankar Dayal Sharma, governor of Andhra Pradesh state, was named the new Punjab governor. His daughter, Geetanjali, and son-in-law, Mr Lalit Maken, a well-known lawmaker, were killed on July 31 in New Delhi by two suspected Sikh terrorists.

Reuter adds: Security forces killed 58 guerrillas in a gunbattle at a village in the impoverished eastern state of Bihar, according to police.

Peres demands wide dismissal powers

BY WALTER ELLIS IN TEL AVIV

FRESH controversy broke out yesterday in Israel between Mr Shimon Peres, the Labour Prime Minister, and Mr Yitzhak Shamir, Foreign Minister and leader of the Likud.

In the wake of the crisis surrounding this week's dispute between Mr Peres and Mr Ariel Sharon, the Likud Trade and Industry Minister, over Middle East policy, the Prime Minister is demanding the right to sack any minister without Likud approval.

Mr Shamir is insisting that any Likud dismissal must have his endorsement.

The latest coalition squabble is likely to be debated at length. The Sharon affair ended suddenly, when the Trade Minister was persuaded to save the unity Government by apologising for public criticisms he has made of Mr Peres and his policies.

Mr Sharon's future is now *uncertain—though it seems* likely he will recover in time.

Mr Shamir's position is, however, distinctly rickety. He gave little effective support to Mr Sharon during his feud with the Premier and was perceived generally to have been left floundering.

● Israel's inflation rate is climbing again, according to official figures issued yesterday. The consumer price index rose by 4.7 per cent in October, *giving a cumulative increase for* the year so far of 180 per cent.

IMF in provisional accord with Philippines

By Samuel Senoren in Manila

PRESIDENT Ferdinand Marcos of the Philippines said yesterday that his country had reached provisional agreement *with the International Monetary* Fund on a revised economic programme that would ensure continued flow of financial assistance for the debt-ridden economy.

Mr Marcos made the announcement when he launched his bid for re-election in the opposition stronghold of Cebu in the central Philippines, in what appears to have been the opening shot of the presidential elections due to be held early next year.

The agreement, if approved by the IMF executive board, should enable the Philippines to draw the third tranche of a *$630m (£440m) standby* loan from the IMF amounting to about $108m.

The IMF drawdown would also trigger the release of $175m, the second tranche of the $925m "new money" provided by international banks under a $10bn debt rescheduling package signed with the Philippines last May.

The IMF withheld release of the third tranche in Sept-ember after the Philippines failed to comply with economic targets set in the programme.

Peter Montagnon writes: The agreement with the IMF was reached only with staff officials and *still* has to be endorsed by Mr Jacques de Larosiere, its managing director, before it can be submitted to the executive board.

Only when that happens will the Philippines again become entitled to draw on its IMF credit and receive further funds from commercial bank creditors. Bankers expect this administrative process to take until around the end of the year.

Gulf diplomatic link for Moscow

THE United Arab Emirates has become the second Gulf state in two months to announce that it *is to establish* diplomatic relations with the Soviet Union, Our Middle East Staff reports.

Oman announced a similar move in September, *prompting* speculation that there was consensus among the six members of the Gulf Co-operation Council (Saudi Arabia, Kuwait, UAE, Oman, Bahrain and Qatar).

Kuwait has maintained ties with the Soviet Union for several years and it is believed that Bahrain will be the next to follow the example of Oman and the UAE.

Patrick Cockburn *reports on a new star in the Soviet political theatre*

Moscow adds public relations to its armoury

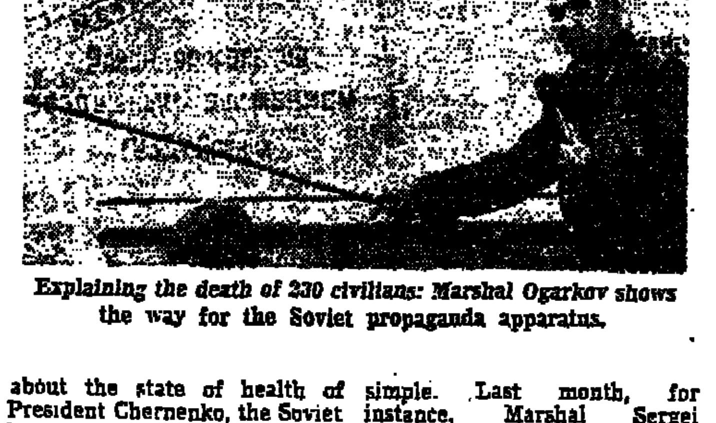
MR VITALI YURCHENKO, formerly of the Soviet submarine service and allegedly of the KGB, looking like a cross between *Mr Sean Connery* and Mr Lech Walenska, took his stand in the Press conference room of the Soviet Foreign Ministry in central Moscow last Thursday morning.

Within minutes he rapidly established himself as the star of the latest episode of public political theatre which over the past year has become an important element in the competition between the superpowers.

Over the past year Soviet *attitudes to publicity in both* the domestic and foreign media have undergone a transformation to the extent that an emphasis on public relations has been an important, if not predominant part of the diplomatic offensive launched by Mr Mikhail Gorbachev, the Soviet leader, in the run-up to next week's summit.

This change could be observed on Thursday. On Mr Yurchenko's left throughout *the press conference sat* Mr Vladimir Lomeiko, looking as if he derived some amusement from the occasion.

He is certainly more comfortable than a year ago when no press conference on any topic was complete without a question



Explaining the death of 230 civilians: Marshal Ogarkov shows the way for the Soviet propaganda apparatus.

about the state of health of President Chernenko, the Soviet leader who died last March.

This was the watershed in Soviet attitudes to publicity. serious efforts to improve and modernise the Propaganda apparatus had begun two years ago. They were evident when Marshal Nikolai Ogarkov, the chief of staff, gave a press conference when the Korean airliner was shot down in 1983, but have only really gained momentum *since Mr Gorbachev* became leader.

Some of the changes are very simple. Last month, for instance, Marshal Sergei Akhromeyev, the Soviet chief of staff, wrote an article in Pravda on Star Wars reiterating the Soviet position. In past years that would have been the end of the matter but now, in contract the marshal also gave a press conference largely repeating what he had written but in front of television and answering the questions of foreign correspondents.

This is a common sense departure from the self-defeating and obsessive secretiveness of the Soviet Government under President Brezhnev. The leadership which replaced him clearly *felt* that it had to do something to stop Moscow invariably being defeated in propaganda battles with President Reagan's Administration.

The new emphasis on public relations under Mr Gorbachev started with his interview with Time Magazine in August, gathered pace when he proposed in Paris a Soviet plan for a reduction of 50 per cent in nuclear warheads and culminates next week in the summit meeting in Geneva.

The Kremlin is conscious that the willingness to explain its policies has significantly improved its image around the world. It has taken the political initiative in a way never seen in the 1970s.

Mr Yurchenko's press conference was clearly aimed at putting the US on the defensive before Mr Gorbachev and President Reagan meet. The Soviet leadership also sees such political theatre as its counterpunch to the American accusation that it had spread a tracking agent, known as spydust, in the American embassy in Moscow.

Neither Moscow nor Washington now believe that Geneva will lead to substantive nuclear arms reductions, but they do see superpower competition in future being accompanied by diplomatic dialogue and campaigns by both sides to look good in the eyes of the world. Given the efforts by both sides in this conflict Mr Yurchenko's strange tale from the Washington suburbs is not likely to be long without a sequal.

None of the masses of circumstantial detail in Mr Yurchenko's account to the press proved one way or another whether he was a KGB plant, a defector who changed his mind or, as he claimed, an innocent Soviet art lover kidnapped *on* his way to the Vatican gallery.

But as spectacle and political theatre journalists could not ask more. Mr Yurchenko's story of capture, captivity and escape was a rerun of John Buchan's Thirty-Nine Steps.

Once or twice Mr Yurchenko accused American correspondents in the hall of being members of the CIA and he sipped water, so he said, to control his anger. "Are press conferences here always like this?" asked Mr Chris Walker, the newly arrived correspondent for the Times.

Wolves football club wins reprieve

By Raymond Hughes, Law Courts Correspondent

AN ATTEMPT compulsorily to wind up Allied Properties, which owns Wolverhampton Wanderers Football Club, failed in the High Court yesterday.

Mr Justice Hoffmann decided there was a genuine dispute about who owed the £127,000 debts on which the petition was based.

The petitioners, Michael Seward and Partners, quantity surveyors, and Cruickshank and Seward, architects, claimed that Allied owed them fees and disbursements in connection with a proposed development at the club's ground and the building of a hotel in Crete.

The petition was opposed by Mr Mahmud Bhatti and his brother, Mr Mohamed Akbar Bhatti, who own Allied, of which the club is a wholly-owned subsidiary. They disputed the debt and said Allied was solvent.

The judge said he was unwilling to accept, on Mr Mahmud Bhatti's evidence, that Allied was solvent. Mr Bhatti had said Allied's assets included the football club which had been reventl revalued at £5m. However, according to Allied's uncertified draft accounts to March 1984, the ground was valued at £2.75m or, if redveloped, £3.5m.

The evidence was that the development project had ground to a halt and there was no evidence to explain the £5m valuation.

Mr Bhatti had been far from open about the true state of Allied's finances. It appeared to be having difficulty in meeting its debts as they fell due, the judge said.

However, regardless of whether or not Allied was solvent, the quantity surveyors and architects had to show they had the legal standing to seek winding-up.

They had agreed that their fees should be the responsibility of another company, Al-Akbar International Finance Corporation, said to be based in Geneva.

They said the agreement did not release Allied from its liability to them and that inquiries in Switzerland had indicated Al-Akbar did not exist.

The judge said he had considerable sympathy with the petitioners, who might have been ill advised to agree to accept as their debtor a foreign corporation with, so far as was known, no UK assets. But it was arguable that they had done so.

"I must confess to considerable scepticism about this last assertion, particularly in view of the quality of the other evidence about assets values.

Sunday trading Bill introduced

BY DAVID CHURCHILL AND PETER RIDDELL

SUNDAY trading and longer shop opening hours during the week are expected to be made lawful from next summer if the Government's proposed Shops Bill, published yesterday, receives parliamentary approval.

The legislation, foreshadowed in the Queen's Speech, scraps all controls on shop opening hours in line with recommendations of the Auld committee's report published last year.

The bill includes protection for young shop staff and shopworkers who do not want to work on a Sunday for religious or other reasons.

The Government has firmly ruled out any other compromises which had been sought by church organisations and trade unions. However, it is likely to come under renewed pressure to amend the legislation after the bill's second reading in the House of Lords on Tuesday week.

Business managers in the Lords are confident that the principle of removing restrictions on shop opening hours has become more widely accepted and that there should be a substantial majority against any "reasoned amendment" expressing doubts about the bill on its second reading.

More significant will be any attempts during the committee stage to strengthen safeguards protecting shopworkers who do not want to work on Sundays.

In addition, attempts may be made to allow for local option to permit decisions on Sunday trading to be taken either by local authorities or by a local poll.

Opposition to the bill is across party lines and is likely to include the bishops and some rebel Tories as well as Labour peers led by Lord Graham.

However, the involvement of the bishops is regarded by some senior Tories as double-edged since their active intervention might encourage some government peers to support the measure.

The protection given to shopworkers in the legislation involves two new statutory rights for those in employment before the bill becomes law.

These shopworkers will have a right not to be dismissed for refusing to work on a Sunday and a right not to have any other action, short of dismissal, taken against them for the same reason.

This protection will also apply to Scotland where Sunday trading has been lawful for a number of years.

Shopworkers under the age of 18 will only be allowed to work a maximum of three Sundays a month and their employment at night is restricted under the bill.

Supporters of Sunday trading are prepared to accept the so-called "conscience" clause in the bill but believe it unnecessary. Open Shop, the lobbying group made up of leading retailers, says in a research note published yesterday that problems of conscience have not arisen in countries where Sunday shopping is permitted.

In the US, for example, where 38 out of 50 states permit Sunday opening, the Civil Liberties Union says the problem of shopworkers being persecuted for refusing to work on a Sunday has not arisen.

One factor which could affect the passage of the new bill through parliament is whether large retailers decide to "jump the gun" and open for trade on the last few Sundays before Christmas.

It seems likely those stores in favour of Sunday shopping will decide not to flout the law this Christmas, although there is some nervousness among supermarket chains that one of the leading groups may decide to break ranks and open for trade on the last Sunday before Christmas.

Coaches to fit speed governors

BY KEVIN BROWN AND NICK BUNKER

THE GOVERNMENT is to enforce a 70 mph limit on coaches by requiring operators to fit tamper-proof speed governing devices, Mrs Lynda Chalker, the Transport Minister, said yesterday.

Mrs Chalker said compulsory speed governors were the only way of dealing with speeding by a minority of coach drivers. Legislation banning coaches from the outside lane of motorways has been ruled out as impractical.

Mrs Chalker also announced that the public service vehicle regulations are to be amended to enforce a ban on the use of microphones for sustained commentaries by drivers of sightseeing coaches.

In addition, the Highway Code is to be altered to discourage car drivers from using hand-held microphones and radio telephones while their vehicles are moving.

The coach speed limit follows public concern over the safety of long-distance coach travel, which has become more popular since the liberalisation of route allocation under the 1980 Transport Act.

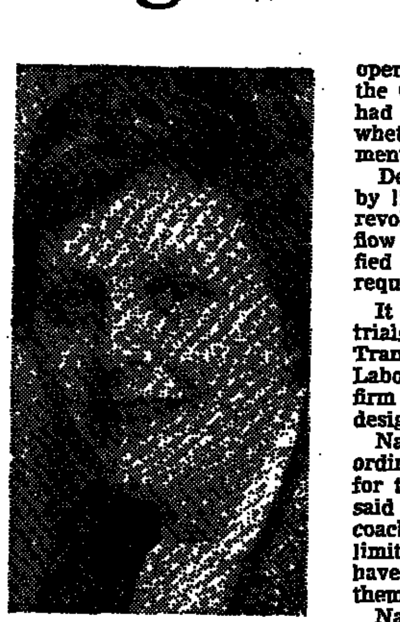
Last month 13 people died in Britain's worst motorway crash when an Edinburgh to London coach ploughed into other vehicles near a contraflow system on the M6 in Lancashire.

The role speed played in the accident is still unclear as Lancashire police have not yet completed their report.

The Department of Transport said yesterday it would conduct talks "as quickly as possible" with operators, coachbuilders and equipment manufacturers in order to define a technical specification for speed governors.

They could be made compulsory without legislation by altering vehicle construction and use regulations under the existing road traffic acts. The new rule would apply to all UK-registered public service vehicles, including 30,000 coaches and buses, the department said.

Yesterday's move met broad approval from operators. They expressed doubts, however, about the quality of some speed governing equipment and the total cost per vehicle, estimated at £300 by the Government.



Lynda Chalker: ruled out banning coaches from outside lanes

The Bus and Coach Council, a trade association representing about 1,700 bus and coach operators, said it welcomed the Government's approach but had "reservations about whether the available equipment is sufficiently reliable."

Devices in use work either by limiting an engine's rate of revolution or by regulating the flow of fuel. Mrs Chalker specified the latter as the type to be required by the Government.

It is understood that limited trials by the Government's own Transport and Road Research Laboratory have produced no firm conclusions about the best design.

National Express, which coordinates long-distance services for the National Bus Company, said about 300 of its 850 coaches were fitted with speed limiters. Of 28 fleets fitted, 16 have reported problems with them.

National Express welcomed Mrs Chalker's announcement but said the total cost of fitting could be up to £700.

It also rejected the Department of Transport's claim that 25 per cent of coaches had been shown in recent research to be exceeding the 70 mph limit. The true figure was 9 per cent

Air fare cuts to Finland likely

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CHEAPER FARES and a greater degree of liberalisation on air routes between the UK and Finland are expected to result from negotiations between officials of the two countries.

Mr Michael Spicer, Under-Secretary of State for Transport, who is responsible for civil aviation, recently discussed these issues with his Finnish counterpart.

He found that the Finnish Government held similar views to the UK

Negotiations are in progress and an agreement is expected in January.

Discussions are also under way with Sweden, and talks with Italy, Switzerland, Greece, Spain and Portugal are planned.

BBC studies night-time video service

By Raymond Snoddy

THE BBC is looking at the possibility of transmitting a subscription television service for video recorder owners in the middle of the night.

The aim would be to use existing transmitters after the two BBC television channels close down to send out films or general entertainment in a scrambled form.

The BBC Board of Governors this week asked Mr Michael Checkland, the corporation's deputy director general, to carry out a feasibility study of the scheme.

The BBC has been interested in the idea for some time but is looking at it more seriously because of the collapse of the corporation's direct broadcasting by satellite plans.

Such a service was tried in the US about two years ago but failed to win many subscribers. BBC executives suspect the high penetration rate of video recorders in the UK—approaching 40 per cent—might make such a project work in Britain.

Mr Checkland believes the BBC could use its transmitters to distribute videos cost effectively to closed circuit users or homes.

"Our transmitter network costs £500 an hour to run. We have a very cheap transmission capability which throughout the night is not being used. The question is whether we can exploit that commercially," Mr Checkland said.

The BBC plans to have discussions with manufacturers to see whether the right sort of descrambling devices are available.

"We plan to move very quickly," said Mr Checkland, who is also chairman of BBC Enterprises, the commercial arm of the BBC.

The feasibility study will look at what sort of programmes—BBC library material or films—people are most likely to pay for.

Nedo to urge curb on mortgage tax relief

BY ANDREW TAYLOR

A POTENTIALLY embarrassing report for the Government recommending the end of higher rate mortgage tax relief to release more resources to pay for repairs to Britain's ageing housing stock is being drafted by officials of the tripartite National Economic Development Office.

The report follows a Government survey this week which showed that £18.8bn now needs to be spent on repairs to council houses and flats in England alone.

The Nedo report indicates that the cost of repairing private homes has also risen substantially since a government house condition survey in 1981 estimated the cost of repairing all homes at about £30bn spread roughly equally between private and public sectors.

A new house condition survey due next year is expected to show that the cost of repair work on all homes has risen to about £50bn.

Since 1981 officials note that the size of the private sector housing stock has been swollen by council house sales, buildings have got older and inflation has pushed up the cost of repairs. Against this, more grants have been available for repairs while some of the backlog may have been reduced through the efforts of do-it-yourself and the black economy.

The report, to be considered shortly by Nedo's building economic development committee, says the Government should provide adequate resources to reduce the huge backlog of repairs. Resources should be concentrated on older housing with all homes brought up to a minimum standard of fitness.

It says mortgage tax relief should be limited to the standard rate of income tax to free funds for vital repair work. The report also asks the Government to mount a publicity campaign to persuade home owners to keep buildings in good repair.

The Government, as part of its autumn statement, announced this week, has allotted an extra £220m for housing expenditure in 1986-87 and a further £200m to planned expenditure in 1987-88. This will increase capital and current spending on housing in the next financial year to £2.75bn.

The increased spending allocation is seen as an important departure in government policy even though Mr Baker had asked for spending to be increased by £600m next year. It reflects ministers' concern at last week's survey which claimed that 84 per cent or 4.6m local authority homes in England needed repairs of some kind.

Government plans jobs advertising campaign

BY FEONA McEWAN

THE GOVERNMENT is to mount an advertising campaign to publicise its actions to counter unemployment.

Three agencies have been invited by the Central Office of Information, on behalf of the Department of Employment and the Manpower Services Commission, to present suggested campaigns in three weeks' time.

They are J. Walter Thompson and Davidson Pearce, two of 15 agencies which already do work for the CoI, and SSC&B Lintas.

The campaign will bring together all the services, schemes and advice relating to jobs and job growth available to the public through the DoE and MSC, including some of the proposals announced on Tuesday by Lord Young, Secretary for Employment, such as the Jobstart scheme.

The rush to appoint an agency according to the department is for this campaign to tie in with current related campaigns on subjects such as the Youth Training Scheme.

UK NEWS

State industry law plans dropped

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT has abandoned proposals for legislation to extend its controls over individual corporations.

Widespread and strong protests from the industries met a consultative paper published a year ago to propose greater Whitehall powers over both the finances and decisions of industry boards, including powers to remove directors.

However, Mr John MacGregor, the Chief Secretary to the Treasury, announced in a parliamentary written answer last night that, "in view of the progress that is being made on the privatisation programme, and given other legislative priorities the Government has now decided not to proceed with general legislation in any later session of this parliament."

This follows the announcement in May that there would be no such legislation in the current 1985-86 session.

Mrs Margaret Thatcher made plain, in her interview in the Financial Times on Thursday, that where industries could not be privatised soon, her priority was to increase their efficiency, particularly in such cases as British Rail and the National Coal Board, which are likely to remain in the public sector for some time.

However, officials were pointing out yesterday that tighter controls might still be imposed, on a case-by-case basis, on individual industries where appropriate, and where legislation affecting them had to come before parliament, as it does every few years.

Mr MacGregor's answer said that useful progress had been made in discussions with the group of nationalised industry chairmen about increasing effectiveness and commercial viability. These talks will continue.

He said the progress made would be borne closely in mind, if further legislative proposals in respect of any individual corporatins were brought forward.

The Government "intends to continue to strengthen the industries to the point where they can either be transferred to the private sector or, where necessary, remain as successful businesses within the public sector," he said.

John MacGregor

Metal Box to cut 320 jobs at head office

By Tony Jackson

METAL BOX, the UK packaging group, is to close its headquarters at Reading with the loss of 320 jobs. The company, which has reduced its worldwide workforce by 17,000 to 20,400 in the past four years, said many factories have had to be closed as part of its plan to concentrate its resources. Head office and other overhead costs had "not come down sufficiently."

The closure is part of a decentralisation of the group's management structure. Strategic planning will now be in the hands of a small number of executive directors, backed by a significantly smaller corporate staff, the company said.

Metal Box added that the location of its new, smaller headquarters had not yet been decided, although it would probably be in the Reading area. Of 620 staff employed at the existing building, some 300 will be relocated

Swiss bank to open in Channel Islands

CREDIT SUISSE, the Swiss bank, is to open a branch and a subsidiary in the Channel Islands. According to its Zurich headquarters approval has been obtained from the Guernsey authorities to start operations on March 31.

Lord Matthews to retire at 66

BY DAVID GOODHART

LORD MATTHEWS, non-executive chairman of Trafalgar House, is to retire at the age of 66.

He said yesterday that he would not be standing for re-election in January at the property and shipping group he helped to build up along with Sir Nigel Broackes in one of the most successfull business partnerships since the war.

There had been speculation about his future since United Newspaper's takeover last month of Fleet Toldings, publishers of Express newspapers.

Following the takeover he resigned as chairman of the newspaper group he had run since 1977, when Trafalgar acquired it from the Beaverbrook dynasty. Fleet was successfully floated from Trafalgar House in March 1982.

Lord Matthews said yesterday: "Following the takeover of Fleet Holdings I have decided to retire and will not stand for re-election as deputy-chairman of Trafalgar House.

"Although I have received a number of other offers, I have decided to take things easier and consequently I shall be retiring. I will be making Jersey my retirement home."

Lord Matthews, who received a life peerage in 1980, teamed up with Sir Nigel Broackes in 1964 and they built up a property and building group centred on the Trollope and Colls construction business and the Cementation civil engineering subsidiary.

From 1968 to 1977, Lord Matthews was managing director of Trafalgar House. Then from 1977 to 1983 he became chief executive and deputy chairman. In 1983, he resigned as chief executive to devote more time to Fleet Holdings, but remained a non-executive deputy chairman. It is unlikely that his position will be filled immediately, if at all.

Chairman of Bell whisky to resign

BY LISA WOOD

MR RAYMOND MIQUEL, chairman and chief executive of Arthur Bell, the Scotch whisky distiller, said yesterday he is to resign from the company. Mr Miquel, 54, this year fought against a successful £356m takeover bid for Bell by Guinness, the brewing, retailing and health group.

His successor from next January 1 will be Mr Ernest Saunders, Guinness chief executive. Bell's existing management will remain otherwise unchanged, except for Mr Shaun Dowling, its joint managing director, who will become deputy chairman.

Mr Dowling, a member of the Guinness management committee, joined Bell's board after the company was acquired by Guinness in August.

Mr Miquel will not be leaving the Guinness group altogether, for although he leaves the Bell board he is to join the group's internatitonal advisory council chaired by Mr Saunders. Yesterday Mr Miquel was not available to comment on his plans after January 1.

The take-over was one of the City's most acrimonious bid battles. Mr Miquel announced in the early days of the takeover battle that he could not work under the Guinness regime. There was little evidence in ensuing weeks that he had changed his mind.

A week after the acquisition Guinness announced that Mr Miquel was to stay as chairman and chief executive of Bell. Guinness, with no previous experience of the whisky market, was known to be keen to keep him in a senior position

Body set up to regulate investment managers

MERCHANT banks and other specialist investment bodies in the City yesterday announced the establishment of an organisation to regulate professional investment managers under the terms of the proposed legislation to protect investors.

The Investment Management Regulatory Organisation has been approved by the Securities and Investment Board, the Government-backed body which will oversee the self-regulatory organisations set up by financial institutions.

The board regards Imro as the main self-regulatory organisation for professional investment managers and advisers, said Mr Charles Nunneley, of Robert Fleming, the merchant bank, who is one of the four-man Imro steering committee.

The other self-regulatory organisations to which investment managers may belong are likely to be the Stock Exchange and the National Association of Security Dealers and Investment Managers.

Many of the smaller insurance and stockbroking organisations with investment management facilities, which are based outside the City, are expected to prefer Nasdim. But, said Mr Nunneley, "we are not planning to make ourselves an elite for the big boys. We think it would be a pity if all the investment managers could not be gathered under one roof."

Imro has the backing of the Accepting Houses Committee of merchant banks, the National Association of Pension Funds and other bodies representing unit trusts, investment trusts, insurance companies and brokers, clearing banks, investment analysts and pension consultants.

The individual members, whose names have not been disclosed, have agreed to provide resources to employ a chief executive and supporting staff.

He added that Imro is looking for a chief executive from the ranks of investment managers, with extensive experience of the industry. His appointment is expected in about two months.

Politicians for CBI meeting

BY PETER RIDDELL, POLITICAL EDITOR

LABOUR and Alliance spokesmen are taking the unusual step of attending the Confederation of British Industry conference in Harrogate next week to argue their alternatives to the Government's economic policy.

Mr Bryan Gould, Labour's trade spokesman, will be speaking at a fringe meeting on Monday under the auspices of the Labour Economic Policy Group on his party's policy for the regeneration of Britain.

Mr Ian Wrigglesworth, the SDP economic and industry spokesman, will be attending, together with leading members of the Alliance who are not MPs.

Both Opposition parties believe industrialists have become dissatisfied with the Government.

Partners sought for neutron facility

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN hopes to win the agreement of France and Italy next month as partners in a research facility recently commissioned in Oxfordshire.

Prof William Mitchell, chairman of the Science and Engineering Research Council, said discussions with these prospective partners assumed a subscription that would cover past and future costs of the neutron spallation source, now known as Isis, at its Rutherford Laboratory.

International partnerships are seen as a way to make greater use of such unique national research facilities as Isis.

Prof Mitchell, at a news conference in London to present his council's annual report, called the neutron beam generating Isis "the most advanced source of this kind in the world."

Sir John Kingman, the outgoing chairman, in an introduction to the annual report, says it is difficult to see how full value is to be gained from the investment of public funds in facilities such as Isis, unless more resources can be found for their exploitation.

Isis was conceived as a research tool of extensive use at the frontiers of physics, chemistry and materials science.

The subscriptions paid by overseas partners could allow Isis to be more fully instrumented than the council can afford from its budget — £278m last year.

Prof Mitchell said he was not expecting extra cash for space science from the British National Space Agency, the creation of which the government is expected to announce next month, to co-ordinate the space activities of the Defence Ministry, the Department of Trade and Industry, and the council.

But he believed the agency would help the council use its space research budget more effectively, by co-ordinating projects so that its experiments could "piggyback" on other space launches.

Britain's future participation in Cern, the European research entity for particle physics in Geneva, was now in the hands of government, Prof Mitchell said. His council had agreed on a 20 per cent cut in its subscription to Cern from 1989, but had raised this to 25 per cent, as recommended by the Kendrew report in June.

It is understood that Britain's decision to trim its subscription to Cern has not produced a similar response from other member states, as the council had been expecting.

Annual Report of the Science and Engineering Research Council, 1984-85; HMSO, £5

LABOUR NEWS

Liverpool staff likely to report for work

By Nick Bunker

MOST OF Liverpool city council's 31,000 employees are thought likely to report for duty on Monday even though the near insolvent local authority says it cannot pay them.

Local officials of the General, Municipal and Boilermakers Union, the National Union of Teachers, the Transport and General Workers' Union and the National Association of Local Government Officers, the white collar union, have advised members to turn up for work.

Union officials said yesterday that this would enable workers to continue claiming wages for hours worked next week. The council would be obliged to pay the money in the event of its present financial crisis being resolved.

National trade union officials are due to meet in London today for emergency talks about the Labour-controlled authority's impending bankruptcy.

Some are understood to think that Liverpool will have to decide early next week to raise rates to balance its budget. This would follow the recommendations of an independent report on the city's finances by a team led by Mr Maurice Stonefrost, the Greater London Council's principal officer.

Mr John Whelan, Liverpool regional secretary of GMBATU, which represents 9,000 city council workers, has written to the council reserving the right to advise members to take legal action to recover wages if the crisis remains unresolved.

Liverpool has been nearing insolvency since June when Labour councillors voted not to raise rates to compensate for cuts in government grants. They incurred a £75m deficit in the city's 1985-86 budget.

More breakaway miners vote for NCB pay offer

BY JOHN LLOYD, INDUSTRIAL EDITOR

MINERS in the breakaway South Derbyshire area and Warwickshire pit of Daw Mill have voted overwhelmingly for the National Coal Board's pay offer of 5.9 per cent on basic and incentive schemes.

The South Derbyshire and Daw Mill areas have voted to join the Union of Democratic Mineworkers, expected to be officially approved by the Certification Officer next month.

Some 3,051 mineworkers voted on the offer, 75.6 per cent of the 4,031 entitled to vote. Of these, 2,633 or 86.3 per cent voted for the offer with 411 voting against. There were seven spolled papers.

The vote means over 30,000 mineworkers have voted for the pay offer, which includes a commitment from both sides to discuss three separate incentive schemes based at pit level.

The issue of pay will be discussed at a special executive meeting of the National Union of Mineworkers on November 28.

It appears likely that many executive members, including left-wing members, will propose that the union gives the NCB the written commitment the board has demanded that the NUM agree to negotiate on incentive schemes — to which it is in principle opposed.

It is understood that the left-led Yorkshire area, the union's biggest, is prepared to recommend this course of action. Area leaders accept that further delay in accepting a pay offer, which the NCB has not yet made, will mean further defections to the UDM.

A meeting of the NUM executive yesterday, following the court appearance earlier in the week when the sequestration of the union's assets was lifted, concentrated on the UDM threat to the union.

Mr Trevor Bell, the secretary of Cosa, the white-collar section, and Mr Jack Jones, secretary of the Leicestershire area, told the executive that they believed from discussions with senior NCB officials that the board was actively encouraging the UDM's growth, and that the board and the breakaway union had agreed to a target of 80,000 within six months for membership of the new body.

This would bring its membership to around half the mining labour force, and could allow it to claim majority representation on the various consultative committees within the industry.

The executive agreed that it must campaign more widely against the UDM. Mr Bell said after the meeting that he had told his members that the settlement with the UDM areas was unsatisfactory.

John Lloyd sums up the union's legal situation

NUM clears the first hurdle

THE NATIONAL Union of Mineworkers is over the first hurdle.

Difficult as it must have been for Mr Arthur Scargill, Mr Peter Heathfield and Mr Mick McGahey — respectively the union's president, general secretary and vice-president — to sign an affidavit by way of apology for actions which they believed wholly justified in pursuit of protection of their members against the National Coal Board's closure programme, it was technically easy to accomplish and did the trick in lifting a court-ordered sequestration of the union's assets.

To lift the receivership will be much more difficult.

We should remember why the funds are both sequestrated and in receivership. As Mr Justice Nichells, the judge of the case before the High Court made clear this week, the receiver was appointed in place of the trustees of the union (who included Mr Scargill, Mr Heathfield and Mr McGahey, because they were judged unfit to discharge their duties.

The sequestrator was appointed to take into possession all the NUM's assets until fines and legal costs had been paid and the contempt purged.

The contempt is purged and the sequestration lifted, but the receivership may be with the union for months because — as was made clear to the court by the receiver's counsel — the affairs of the NUM are in chaos.

In the words of the receiver: "The financial position of the NUM is complicated and clouded, not only by the lack of co-operation accorded to the receiver by the leaders of the NUM, but also by the fact that the NUM had been improperly funded from many unknown sources during the receivership."

Much of the report was taken up by detailing the extraordinary moves made by union leaders to keep the funds out of the hands of the court. Those included plans to divest the NUM of its assets, either by transfer abroad or to personal bank accounts at home in February 1984 before the strike had begun.

After the strike had started, monies were switched to the Isle of Man and thence to Ireland, Switzerland and Luxembourg. Even after the union funds had been sequestered, they were being switched in and out of dollars bought in the forward markets. (Mr Scargill later claimed that these transactions made money for the NUM — a claim dismissed by the receiver.)

On March 7 1984, the union leaders created a Mineworkes' Trust, into which £1m of assets were placed, the bulk in the form of properties in Sheffield. The receiver claims that this action was contrary to the union's rules, and has lost the union money, partly through rental income from the properties having been foregone.

The financial relationship between the national union and area branches is still muddled. The receiver notes that 10 areas, by agreement with him, have recovered funds paid to the national union in fees which are normally returned to the areas, but five others have not done so.

SUMS RECOVERED BY THE RECEIVER

Sums in respect of:	£
Luxembour	4,900,586.39
Switzerland	317,165.74
Ireland	2,543,704.42
Isle of Man	8,187.45
Insurance refunds	6,957.81
Miners' contributions	3,363,633.18
Interest on deposits	620,971.46
Total	£11,661,206.45

Source: Receiver's Report to High Court

The table shows the amounts recovered by the receiver. From those, he paid out £1.407m on various court orders and a further £2m to the sequestrators, leaving £8.253m. Further liabilities are outstanding, including £800,000 to the trustees of the NUM superannuation fund for unpaid employer and employee contributions.

The receiver emphasises that the main cause of delay in lifting the receivership must be laid at the feet of the national leaders.

"To date, the receiver has been afforded no co-operation by the NUM's leaders in relation to accounting for the NUM's assets in 1984 and 1985 . . . [correspondence made available to the court] shows that his questions directed to the NUB's leaders have either been ignored or evaded. Even if the co-operation, which has hitherto been denied by the NUM's leaders were immediately forthcoming, the NUM's affairs are so complex that it might take the receiver several months before he was in a position to report to the court . . . The receiver would respectfully draw attention to the fact that innocent NUM members have already suffered enormously for the unlawful and irresponsible actions of their leaders."

The union leaders took pride in their disregard for courts, which they saw as part of a conspiracy against them — a conspiracy composed of the Government, the coal board, the news media and even parts of the Labour movement.

In his conclusion, the receiver says that the "moral" is clear — "those who seek to challenge the authority of the court and the rule of law will never win."

Mortgage book sale abandoned

BARCLAYS BANK has decided not to sell off parts of its mortgage book to other financial institutions. The plan was mooted in public last month and seen as a way to avoid an excessive commitment to mortgages which would have distorted its balance sheet.

However, the bank has not been able to reach its target for selling mortgages. Also, it would have faced legal difficulties in trying to pass on a floating-rate mortgage, where the lender has discretion to vary the rate, to a third party.

ECONOMIC DIARY

TODAY: Mr David Steel and Mr David Owen address Alliance conference in Cardiff.

TOMORROW: Department for National Savings' monthly progress report (October). Mrs Margaret Thatcher to be interviewed on ITV programme "Weekend World."

MONDAY: Gross domestic product (output-based) (third quarter-preliminary). Public sector borrowing requirement (October). CBI/FT survey of distributive trade (end-October). EEC Finance Council meets in Brussels. EEC Agriculture Council meets in Brussels (until November 19). FT Conference on "Space-commercial benefits for industries worldwide" (until November 19). CBI annual conference in Harrogate (until November 19). President Francois Mitterrand and Mrs Thatcher at Anglo-French summit in London.

TUESDAY: EEC inter-governmental conference in Brussels. First day of Reagan/Gorbachev summit, US housing starts (October).

WEDNESDAY: Cyclical indicators of the UK economy (October). Average earnings (September-provisional); employment, hours and unit wage costs. New construction orders (September-provisional). Council of Europe meets in Strasbourg.

THURSDAY: President Reagan flies to Brussels to brief Nato allies. Burton preliminary figures.

FRIDAY: Sales and orders in the engineering industries (August).

Miner's right to sue upheld

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A SOUTH WALES miner's claim that the executive committee of the South Wales area of the miners' union should personally repay a £50,000 fine and other losses caused by the area's contempt of court can go ahead for the time being, a High Court judge ruled yesterday.

Mr Justice Nichols said that Mr Ieuan Thomas could pursue his claim on behalf of the members of the South Wales area of the National Union of Mineworkers, with his legal costs being paid out of area funds, until more information had been disclosed about the executive committee's activities.

At that stage, the situation would be reviewed and a decision taken about whether it was reasonable for the case to go on in that form.

South Wales NUM was fined and its assets sequestrated last year, when it broke a High Court order not to interfere with the lorries of two haulage firms going into the Port Talbot works of the British Steel Corporation.

Mr Thomas's case is that the South Wales executive committee took a policy decision not to pay the fine, not to co-operate with the sequestrators or the court and not to purge the area's contempt of court.

He alleges that the executive exceeded their legal powers and recklessly dissipated the area's funds.

The executive committee members, and the South Wales area, which was yesterday joined as a defendant to Mr Thomas's claim, argued that he had no legal standing to bring the case on his own behalf, or on anyone else's.

They also contended that the executive had always acted in accordance with the South Wales area constitution and resolutions of its governing conferences.

Mr Justice Nicholls said Mr Thomas plainly had a right to sue, as a contributor to funds he alleged had been misapplied. He stood to gain nothing himself, but was suing for the benefit of the union as a whole. As such he was not entitled to legal aid.

Minutes of area executive meetings so far disclosed furnished some evidence of a determination not to co-operate with the sequestrators or the courts.

There was also support for the suggestion that loss had been suffered by the union by deliberate acts beyond the legal powers of the executive and it therefore appeared reasonable that, at this stage, Mr Thomas's action should be funded by the area union.

BA staff seek wages to replace profit sharing

BY DAVID BRINDLE, LABOUR STAFF

PAY CLAIMS lodged this week on behalf of British Airways staff seek an extra month's wages each year instead of the airline's existing profit-sharing scheme.

The move comes at a time when profit-sharing schemes are yielding high rewards for workers because of companies' improved profitability. BA's 37,000 employees this year received a bonus equivalent to 6.5 per cent of salary.

However, the claims lodged on Thursday and yesterday on behalf of 4,500 cabin crew and 5,000 ground services staff say workers have found it extremely difficult to have the bonus accepted as collateral for bank loans, overdrafts or mortgages.

In addition, the claims say BA staff resent the fact that profit-sharing bonuses are outside their control. They also resent the absence of any shareout until group operating profits exceed £150m a year.

As this year's bonus was calculated on the basis of 3.4 weeks' pay, the unions' claims propose that the scheme be replaced by payment of a 13th month of wages each year to "allow all our members to cater more efficiently and thoroughly for their families' needs."

The claims, which cite BA's pre-tax group profits of £315m and productivity increases outstripping targets, seek substantial rises in basic rates—in the case of cabin crew, of at least 12 per cent.

By the settlement date of January 1, it is maintained, ground services staff will have suffered pay erosion of almost 20 per cent since 1980.

Their claim also seeks a cut in their 40-hour working week and six instead of five weeks' annual holiday.

Clothing union leaders accept 5.5% offer

By David Thomas, Labour Staff

AN INCREASE of 5.5 per cent on minimum rates and earnings which will affect more than 200,000 clothing industry workers has been accepted by union leaders.

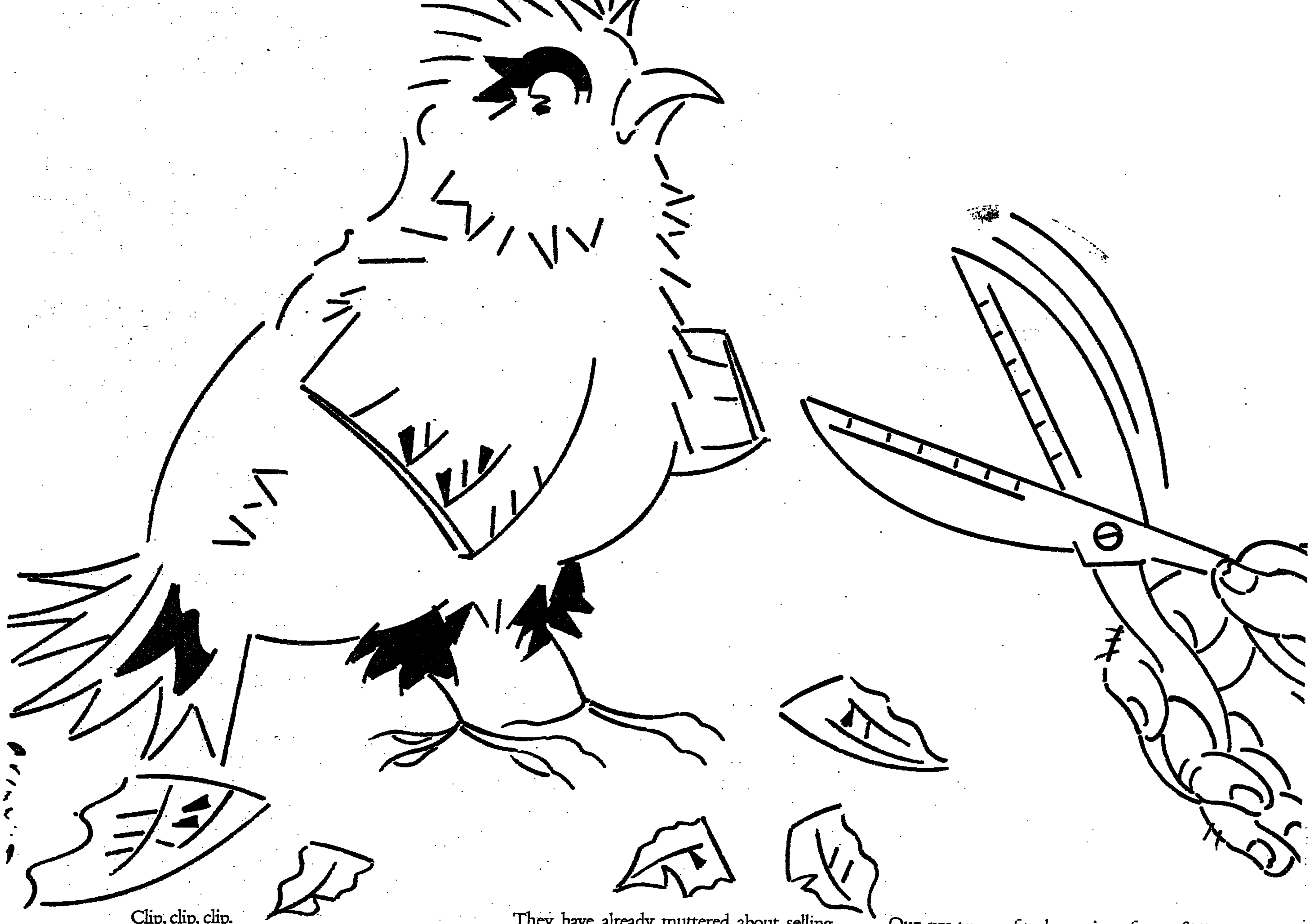
From January the minimum adult rate in the industry will be £70 a week.

The deal was reached between the clothing industry unions, led by the National Union of Tailors and Garment Workers, and the British Clothing Industry Association, whose members employ more than 100,000 workers.

The new minimum rates will probably be adopted by the Clothing Manufacturing Wages Council, which will mean that more than 200,000 workers will be covered.

The deal also increases annual holidays from 22 to 23 days.

Is this how Guinness Peat will feather your nest?



Clip, clip, clip.

It's a sound that's heard all too regularly at Guinness Peat.

Clip, clip. Goodbye Telerate. Ouch!

Clip, clip. Farewell Lewis & Peat and Esperanza.

Snip, snip. Goodnight Linfood, Greencoat Properties and Performance Tyre.

And more.

All these investments fell prey to the long knives of Guinness Peat.

Dear oh dear, what will they do if they get their hands on the assets of Britannia Arrow?

They have already muttered about selling our merchant bank Singer & Friedlander Ltd, which last year earned nearly 2½* times as much as their own merchant bank, Guinness Mahon.

Ouch again!

Which of our other companies or investments will come under the auctioneer's hammer?

Britannia Arrow's record has been one of investment and growth.

Our pre-tax profits have risen from £1.5 million in 1979 to £14.1 million in 1984. And for the first six months of 1985 profits have already topped £10 million.

In the same period, earnings and dividends per share more than trebled. And our total funds under management rose from £200 million to £4,800 million.

No wonder Guinness Peat want our feathers in their cap.

But, if they're allowed in, how long will it be before they're clipped?

Britannia Arrow

* Guinness Peat Group plc – Banking pre tax profits for year ended 30th September 1984 £3.7 million. Britannia Arrow Holdings plc – Singer & Friedlander Ltd.: pre-tax profits for year ended 31st December 1984 £9.1 million.

Fly away, Guinness Peat.

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ANGLO-IRISH SUMMIT

No victors, nor any losers in pact, says FitzGerald

BY HUGH CARNAGY AT HILLSBOROUGH, NORTHERN IRELAND

MRS MARGARET THATCHER and Dr Garret FitzGerald, the British and Irish Prime Ministers, told a news conference, after they had sgned their agreement on Northern Ireland yesterday, that the accord offered the hope of peace and stability to both the divided communities in the province.

"There are no victors, nor any losers," Dr FitzGerald said. "If what has been agreed is implemented in full good faith, as I believe it will be, all the people of Northern Ireland will gain."

Mrs Thatcher said: "We entered into this agreement to defeat the men of violence and to bring peace and stability. We call on all people of good will to join us in building peace and stability in Northern Ireland."

She insisted that the agreement represent sno diminution of British sovereignty over Northern Ireland, despite Unionist protests that participation b ythe Dublin government in a new ministerial conference, the main feature of the agreement, impinges on British rule.

Dr FitzGerald said the conference would mean that problems which the nationalist community felt had not been properly represented in the past, would be dealt with.

Mrs Thatcher said the Anglo-Irish secretariat, to be set up to back the ministerial conference, was expected to be sited in Belfast, depending on security advice.

The agreement would probably be lodged at the United Nations, she said, and it was hoped it would attract aid for the province from the US and continental Europe.

Referring to the explicit recognition by both sides in the agreement that Northern Ireland will remain in the UK, as long as the majority in the province so desired, Mrs Thatcher pointed out that the Unionist position had been recognised by Dublin in a formal international agreement for the first time.

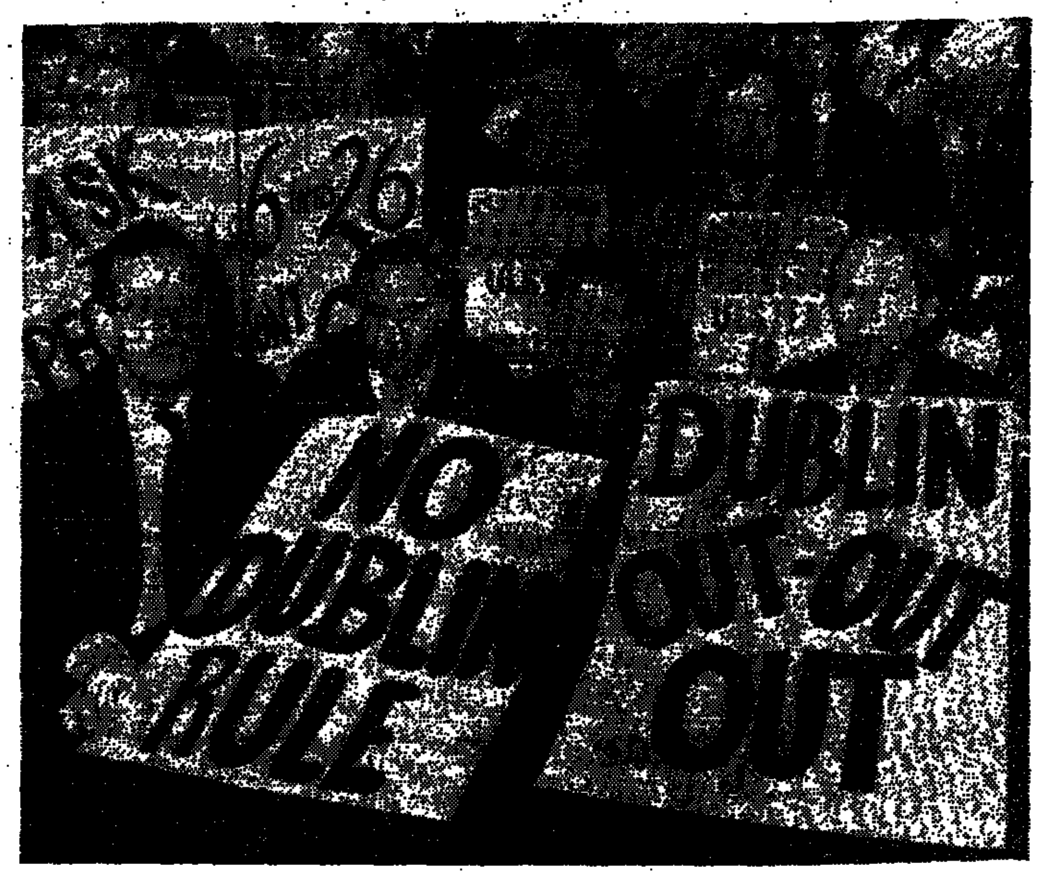
"I believe in the union and it will last as long as the majority so wishes," she said.

For his part, Dr FitzGerald said it was the first time Britain had committed itself to implement Irish unity, if the majority were to wish that one day. "The agreement thus involves no abandonment of nationalist aspirations, nor any threat to Unionist rights" he said.

In a clear effort to head off criticism among nationalists that the agreement was a step back from Ireland's constitutional commitment to unity, Dr FitzGerald said no question of altering this ever arose and the agreement was consistent with the all-party New Ireland Forum report on Northern Ireland.

He spoke briefly in Irish and said: "Nationalists can now raise their heads, knowing their position is, and is seen to be, on an equal footing with that of members of the Unionist community."

Mrs Thatcher said the two sides undertook the agreement, committed to proceeding in a democratic manner, "the Taoiseach [the Irish Prime Minister] as a nationalist and a republican, myself as a Unionist and a loyalist."



Democratic Unionist Party members demonstrating at Hillsborough against the agreement

She stressed that the ministerial conference was set up as a means to work towards the restoration of devolved government in Northern Ireland, with the support of both sections of the community.

If this could be achieved, then items now to be handled by the conference—political matters, security, justice and cross-border co-operation — could be handed over to a devolved administration.

In a sense, therefore, the conference was an interim measure, although she did not know how long the process would take, she said.

"The opportunity is there for both the Unionists and the non-violent nationalists to say: 'We now want to work together in a devolved assembly'."

Dr FitzGerald confirmed that Dublin would support devolution efforts. "That's an important and constructive part of the agreement, offering an incentive to the Unionist community to move towards devolved government," he said.

Questioned on what would happen in the event of disputes between the two sides on the ministerial council, Mrs Thatcher said each side was ultimately responsible for its own decisions.

"In the last resort, decisions and responsibility for administration of affairs north of the border remain with the government of the United Kingdom."

On the key issue of nationalist alienation from the emergency, non-jury courts in Northern Ireland, and minority resentment of the mainly Protestant security forces, Dr FitzGerald said:

"Both sides are committed to working for early progress in relations between the security forces and the minority community in Northern Ireland, to ways of improving security co-operation as a result and seeking measures that would give substantial expression to the aim of public confidence in the administration of justice."

Mrs Thatcher said they had agreed to consider setting up mixed courts, but she could not yet see a way round the difficulties this presented.

Dr FitzGerald said a primary purpose of the agreement was to provide the means by which the minority community identified with the system of government in Northern Ireland, and thus any basis for supporting the IRA would be eroded.

Mrs Thatcher concluded: "I think, if you look at the agreement dispassionately, if that is possible in these matters, it represents an opportunity for all to work together to try to bring violence to an end."

The two Prime Ministers arrived at Hillsborough Castle, once the residence of British governors in Northern Ireland, by helicopter amid the strictest security seen at such a summit meeting.

A small group of Democratic Unionist Party supporters managed to mount a noisy demonstration in Hillsborough village before the summit, but otherwise security was unbreached.

Tom King

Garret FitzGerald

Dublin promises a blow to terrorism

Richard Evans reports on he Irish pledge to facilitate extradition of alleged terrorists

A KEY aspect of the joint agreement is the Irish Government's pledge to accede as soon as possible to the European Convention on the Suppression of Terrorism.

The extradition of suspected IRA terrorists from the republic to Britain or Northern Ireland has been a sensitive area for both governments for years. Accession by Ireland should improve relations substantially.

Under the convention, which has been open for signature since January 1977, countries agree not to treat alleged terrorist offences as political for the purposes of extradition.

The effect of accession would be to do away with the frequent defence of political motive for a crime. Only a *prima facie* case that a crime had been committed would be required.

The reason the Irish Government, unlike other members of the European Community, has not signed the convention is unhappiness over the way Article 1 sought to redefine the concept of a political offence. This was regarded as contrary to the Irish view of international law and its previously understood conventions.

But accession has become much easier after a series of judgments by the Irish Supreme Court during the past two years, beginning with the decision in extradition proceedings against Mr Dominic McGlinchey in 1983.

These redefined the concept of political offences and opened the way for Dr Garret FitzGerald's government to accede to the convention. Legislation will have to be presented to the Dublin parliament and, although its timing is not known, the government is committed to "early progress."

Although Mr Tom King, the Northern Ireland Secretary, and other British ministers will welcome early accession, on the grounds that it would make the extradition of suspected terrorists easier, Irish officials stress that the record has not been bad.

Of 116 requests for extradition from south to north since 1971, 103 were endorsed by the Irish authorities and 87 extraditions took place.

Stewart Fleming looks at the U.S. reaction to the accord, amid changing attitudes to Britain's role in Ulster

Irish American 'coalition' to ensure flow of funds for initiative

FROM THE END of the Broadway subway line at 242nd Street in the Bronx you can hear on match days the roar of the crowd at the Gaelic football match at Gaelic Park just a few blocks away.

This corner of New York is no more an ethnic Irish preserve than any other. Indeed, for a generation middle class Jewish families have been as prominent among its inhabitants as those of Irish descent.

But the stadium's survival as a magnet attracting both Irish Americans and new immigrants to Gaelic sporting events is testimony enough to the continued vitality of the links with their ancestors which many Irish Americans continue to feel.

Even President Ronald Reagan, a man who is perceived by Irish American nationalists to be a "St Patrick's Day" Irishman, was moved to remark on his visit to his trip to the Irish republic in 1984 that it was "like coming home from a long journey."

Nobody would ever call Mr Thomas P. (Tip) O'Neill, the Speaker of the House of Representatives, a St Patrick's Day Irishman. To see the man in action and to know his background as an Irish American politician from Boston—whose constituency does indeed have an ethnic Irish concentration—is know that the Speaker has a deep emotional commitment to the land he would like to go to as American ambassador when he retires from the House next year.

It was these two powerful US politicians who came together yesterday in the Oval Office of the White House with the US ambassadors to the Republic of Ireland and the United Kingdom, to pledge US support for the initiative aimed at seeking peace in Northern Ireland.

That support Mr O'Neill made clear, must include "appropriate financial and economic assistance."

Few on Capitol Hill doubt that Congress will vote funds to promote economic development and reconciliation in Ireland, although staff experts on Irish issues point out hat they sense the Administration hopes that private investment from the US will swell, while supporters of Ireland in Congress suspect that initially at least it is US budget funds—how much nobody yet knows—which will be needed.

Nobody doubts, however, that Congress will appropriate the money.

"You are dealing with a wonderful coalition here. Who is going to be against it? I would be astonished if any reasonable request were turned down," says one official.

The political mathematics behind this statement run something like this. According to the Bureau of the census there are some 40m Americans who claim Irish descent, not far short of the 50m who claim a British heritage.

Perhaps only half those with Irish ancestry are of Catholic background.

On Capitol Hill itself the Friends of Ireland group which Mr O'Neill launched in 1979 includes 137 members of Congress.

Rep Mario Biaggi, Congressmen from a heavily Irish ethnic district in the Bronx, heads a rival congressional grouping, seen to be more critical of Britain's policies towards Ireland. It boasts more than 100 members on Capitol Hill.

Clearly a large number of politicians in Washington feel that the Irish issue is something they should interest themselves in, although of course, with degrees of intensity that fall short of the commitment on the part of men like Mr O'Neill, and Senators Edward Kennedy and Daniel Patrick Moynihan.

The same is true of course of the population at large. In areas of the north-east, particularly Boston and New York, the ethnic Irish vote is important, and feelings on the Irish question itself are something to which politicians seeking office have to pay close attention. Mayor Edward Koch, in his re-election campaign spoke this year, at New York's Irish Solidarity Day where he was loudly booed for denouncing violence.

Mr Peter King, the elcted comptroller of Nassau county in Long Island, was Grand Marshall of this year's St Patrick's Day Parade in New York. A Republican, Mr King's election is seen as a sign that the traditional Irish American support for the Democratic Party is breaking down.

But there is a widespread feeling that over the past few years the instinctive, unthinking support which many Irish Americans once gave to terrorist groups in Ireland, particularly the IRA, and the associated automatic criticism of the British role in Northern Ireland, has peaked.

Even fewer Irish Americans now see terrorists and Marxists as people they should be tacitly supporting. This change is seen too in Congress, where criticism of Britain's handling of the situation is now much more muted than at the end of the 1970s.

This is not to say support for terrorists has evaporated. Noraid — Irish Northern Aid Committee—is still active as a fund-raising vehicle for terrorists linked to the IRA and it is far from being the only group involved in such activities. In some cities, including New York, a few smaller radio stations regularly broadcast Irish Republican propaganda.

The fate of the new initiative will be carefully monitored in Congress.

Rep Biaggi is calling for Congress only to appropriate aid on condition that Britain withdraws. But even he recognises that the initiative the governments of Britain and the Republic of Ireland have now taken will weaken support in Washington for this hard line.

It is clear, however, that on Capitol Hill questions about how much US aid should be channelled to Ireland, to whom, under what conditions, and how the funds should be administered will be carefully assessed.

Reagan and O'Neill endorse agreement

President Ronald Reagan and Mr Tip O'Neill, Speaker of the House of Representatives, yesterday warmly endorsed the Anglo-Irish Agreement and hinted strongly that US financial aid for Ireltnd would be forthcoming, writes Stewart Fleming in Washington.

The President said: "I will be working closely with the Congress in a partisan effort to find tangible ways for the US to lend practical support to this important agreement."

Mr O'Neill said he intended to do "everything in my power to see that [the US] power to see that [the US commitment], including appropriate financial and economic assistance, is honoured by the Congress." Some observers on Capitol Hill said his words underly an emerging differnce of emphasis between supporters of Ireland in Congress and in the White House.

The Speaker and supporters of Ireland in Congress are said to see official US economic aid as the key ingredient whereas, it is suggested the Administration is pinning its hopes moreon private capital flows while not ruling out some US financial support.

Mr Reagan condemned the violence in Ireland and repeated his call on Americans "not to assist, either with money or moral support, misguided efforts that prolong the nightmare of terrorism and hatred."

Nonetheless, standing side by side with Mr O'Neill in the White House's Oval Office, he conceded that "given the complex situation in Northern Ireland, all [there] may not applaud this agreement."

Although there is widespread agreement on Capitol Hill that US funds will be needed for Ireland, there is extreme caution about discussing how these should be provided.

It is recognised that questions about who should receive the funds and how they should be administered are potentially politically explosive decisions which need to be taken in the context of the evolution of tht political initiative now launched by the governments of Britain and the Republic of Ireland.

Senator Edward Kennedy, welcoming the fact that the Catholic minority in the North would now have an advocate to advance its rights, praised the initiative yesterday. He said, however, that it was long overdue and he expressed concern that it could be sabotaged by extremists.

Tip O'Neill: "appropriate financial assistance"

Need to accommodate unionist and nationalist rights stressed

THE agreement opens with a preamble, largely based on the chapter on "realities" in the New Ireland Forum Report, which stresses the legitimacy and rights of the unionist and nationalist traditions in Ireland, and the need to accommodate and reconcile them.

It reaffirms the total rejection by both governments of the use of violence to attain political objectives but recognises and respects the rights of all to pursue their aspirations by peaceful means.

There follow 13 Articles:

● Article 1: affirms that any change in the status of Northern Ireland would only come about with the consent of a majority of the people of Northern Ireland; recognises that the present wish of the majority is for no change; and declares that, if in the future the majority formally consent to the establishment of a united Ireland, the two governments will introduce and support legislation to bring it about.

● Article 2: sets up an Intergovernmental Conference concerned with Northern Ireland and Anglo-Irish relations, to deal on a regular basis with political matters; security and related matters; legal matters, including the administration of justice; and the promotion of cross-border co-operation.

The Irish Government will put forward views and proposals on any matters relating to Northern Ireland within the field of activity of the Conference which are not the responsibility of a devolved administration in Northern reland.

"Determined efforts shall be made through the Conference to resolve any differences," it says.

"There is no derogation from the sovereignity of either the United Kingdom Government or the Irish Government, and each retains responsibility for the decisions and administration of government within its own jurisdiction."

● Article 3: says the Conference shall meet at Ministerial or official level, as required. Regular and frequent Ministerial meetings shall be held and special meetings shall be convened at the request of either side. Membership of the Conference and of sub-groups shall be small and flexible.

When the Conference meets at Ministerial level the Secretary of State for Northern Ireland and an Irish Minister designated as the Permanent Irish Ministerial Representative shall be joint chairmen; other British and rish Ministers may hold or attend meetings as appropriate; when legal matters are under consideration the Attorneys General may attend.

Ministers may be accompanied by their officials and their professional advisers, for example, when questions of security policy or security co-operation are being discussed, they may be accompanied by the Chief Constable of the Royal Ulster Constabulary and the Commissioner of the Garda Siochana.

A Secretariat shall be established by the two governments to service the Conference on a continuing basis in the discharge of its functions as set out in this agreement.

● Article 4: spells out the British Government's commitment to devolution in Northern Ireland "on a basis which would secure widespread acceptance throughout the community," and the Irish Government"s support for that policy.

"Both Governments recognise that devolution can be achieved only with the co-operation of constitutional representatives within Northern Ireland of both traditions there," it says.

"The Conference shall be a framework within which the Irish Government may put forward views and proposals on the modalities of bringing about devolution in Northern Ireland, in so far as they relate to the interests of the minority community."

● Article 5 covers measures to recognise and accommodate the rights and identities of the two traditions, to protect human rights and to prevent discrimination. The Conference would consider changes in electoral arrangements, the use of flags and emblems, the avoidance of economic and social discrimination and the advantages and disadvantages of a Bill of Rights in Northern Ireland.

It says that if "devolution on a basis which secures widespread acceptance in Northern Ireland" proves impossible, the Conference shall be a framework within which the Irish Government may, where the interests of the minority community are significantly or especially affected, put forward views on proposals for major legislation and on major policy issues which remain the responsibility of the Secretary of State for Northern Ireland.

● Article 6 defines the Conference as a framework within which the Irish Government may put forward views and proposals on the role and composition of bodies, including the Standing Advisory Commission on Human Rights; the Fair Employment Agency; the Equal Opportunities Commission: the Police Authority for Northern Ireland; and the Police Complaints Board. These are all appointed by the Northern Ireland Secretary.

● Article 7 says the Conference shall consider security policy; relations between the security forces and the community; and prisons policy.

"The two Governments agree that there is a need for a programme of special measures in Northern Ireland to improve relations between the security forces and the community, with the object in particular of making the security forces more readily accepted by the nationalist community.

"Such a programme shall be developed, for the Conference's consideration, and may include the establishment of local consultative machinery, training in community relations, crime prevention schemes involving the community, improvements in arrangements for handling complaints, and action to increase the proportion of members of the minority in the Royal Ulster Constabulary."

Policy on prisons and individual cases may also be raised with a view to establishing inquiries.

● Article 8 says the Conference shall consider harmonising areas oft he criminal law applying in the North and in the South.

"The two Governments agree on the importance of public confidence in the administration of justice. The Conference shall seek measures which would give substantial expression to this aim, considering *inter alia* the possibility of mixed courts in both jurisdictions for the trial of certain offences.

"The Conference shall also be concerned with policy aspects of extradition and extra-territorial jurisdiction as between North and South.

● Article 9 covers cross-border co-operation on security matters. The conference shall set in hand a programme of work by the Chief Constable of the Royal Ulster Constabulary and the Commissioner of the Garda Siochana in such areas as threat assessments, exchange of information, liaison structures, technical co-operation, training of personnel, and operational resources.

However, the conference shall have no operational responsibilities. This shall remain with the heads of the respective police forces, the Chief Constable of the Royal Ulster Constabulary maintaining his links with the Secretary of State for Northern Ireland and the Commissioner of the Garda Siochana his links with the Minister for Justice.

● Article 10 covers economic co-operation in those areas of both parts of Ireland which have suffered most severely from the troubles.

"If it should prove impossible to achieve and sustain devolution on a basis which secures widespread acceptance in Northern Ireland, the conference shall be a framework for the promotion of co-operation between the two parts of Ireland concerning cross-border aspects of economic, social and cultural matters in relation to which the Secretary of State for Northern Ireland continues to exercise authority.

"If responsibility is devolved in respect of certain matters in the economic, social or cultural areas currently within the responsibility of the Secretary of State for Northern Ireland, machinery will need to be established by the responsible authorities in the North and South for practical co-operation in respect of cross-border aspects of these issues."

● Article 11 provides that at the end of three years from signature of this agreement, or earlier if requested by either government, the working of the conference shall be reviewed by the two governments.

● Article 12 says the two parliaments will have to decide whether to establish an Anglo-Irish parliamentary body, but adds: "The two governments agree that they would give support as appropriate to such a body, if it were to be established."

● Article 13 provides for the agreement to enter into force on the date on which the two governments exchange notifications of their acceptance.

Accord intended to reconcile two Irish traditions

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

IN THEIR joint communique issued after the meeting, Mrs Thatcher and Dr FitzGerald said the agreement was a "formal and binding" one which would enter into force *as soon as each government* has notified the other of acceptance by their respective parliaments.

The agreement was intended to promote peace and stability in Northern Ireland; to help reconcile the two major traditions in Ireland: to create a new climate of friendship and co-operation between the *people of the two countries;* and to improve co-operation in fighting terrorism.

The intergovernmental conference would enable the Irish Government to "put forward views and proposals" on Northern Ireland affairs and both governments were committed to making "*determined efforts*" to resolve their differences.

Both Prime Ministers were committed to implementing *and sustaining the agreement* with "determination and imagination" and undertook to encourage people of both the Unionist and Nationalist traditions in Ireland to make new e fforts to understand respect each other's concerns with a view to promoting *reconciliation.*

The exchange of notifications of acceptance will not be completed until the agreement has been approved by the British Parliament and by Dail Eireann (the Irish Parliament).

"The two governments intend that action to implement the provisions of the agreement should begin once the exchange of notification has heen completed," it said.

"The first meeting of the intergovernmental conference will take place as soon as possible thereafter. The British side will be led by the Secretary for Northern Ireland and the Irish side by the minister designated as the Permanent Irish Ministerial Representative."

At its first meeting, the conference would consider its future programme of work in all the fields—political, security, legal, economic, social and cultural—assigned to it under the agreement. It would concentrate at its initial meetings on:

● Regulations between the security forces and the minority community in Northern Ireland;

● Ways of enhancing security co-operation between the two governments;

● Seeking measures which would give substantial expression to the aim of underlining the importance of public confidence in the administration of justice.

Both sides were committed to work for early progress in these matters. Against this background, Dr Fitzgerald said that it was the intention of his Government to accede as soon as possible to the European Convention on the suppression of Terrorism.

At its first meeting, the conference would also consider the application of the principle that the armed forces (including the Ulster Defence Regiment) operate only in support of the civil power, to ensure that there is a police presence in all operations which involve direct contact with the community; as soon as possible, except in exceptional circumstances.

Ways of underlining the policy of the Royal Ulster Constabulary and of the Armed Forces in Northern Ireland that they discharge their duties even-handedly and with equal respect for Unionists and Nationalists would also have priority at that meeting.

Margaret van Hattem describes how officials on both sides made it happen

The sherpas who made it to the top

NO EXPERIENCED mountaineer ventures forth without his sherpa—to prepare the ground and guide him to the summit. The sherpa is not usually expected to build the mountain as well.

But in the case of the Anglo-Irish agreement, that is more or less what happened. Margaret Thatcher and Garret FitzGerald will get long chapters in the history books for their efforts. And deservedly so, for they are taking the biggest political risks.

Their foreign ministers—Sir Geoffrey Howe and Mr Peter Barry—together with the three Northern Ireland secretaries involved—Mr James Prior, Mr Douglas Hurd and Mr Tom King—will all be given credit.

Yet for much of the past year, as negotiations intensified, the role of politicians was almost marginal, with the civil servants setting the pace, ministers moving in mainly to take the difficult decisions that were threatening to slow progress. On all sides, it is generally felt that the level of cooperation was unprecedented, and that at times it felt more like one team than two.

Between publication last May of the New Ireland Forum report, and the Thatcher/FitzGerald agreement last November to attempt an agreement on the future of Northern Ireland, the main impetus in the talks came from two civil servants—David Goodall, deputy secretary of the Cabinet Office in London, and Michael Lillis, head of the Anglo-Irish department of the Irish Department of Foreign Affairs.

*Goodall, now Deputy Under-*secretary of State at the Foreign Office, is no Sir Humphrey. To begin with, he is no mean painter, as is evident from the watercolours on the walls of his Whitehall office. In the last century, he would probably have been in the Indian Civil Service—one of those who, after working hours, disguised themselves as Indian bearers and slipped down to the bazaar to observe. In an Irish context, this translates into an ability to down Guinness and sing Irish songs until 5 am if necessary.

A devout Yorkshireman, he is also a Catholic with Irish forebears, and is as deeply distrusted by some unionist politicians as he is trusted by Sir Geoffrey Howe.

Lillis, a decidedly more flamboyant character, once toyed with the idea of a stage career. But his one appearance as the Irish patriot Robert Emmet was destroyed by laryngitis — the audience had to come to his rescue in the long address from the dock — so he turned to diplomacy. One of the junior officials providing back-up for the Sunningdale talks, he later served as political councillor in the Washington embassy where he was instrumental—together with Sean Donlon, then head of the Anglo-Irish division, and John Hume—in setting up the group known as the Four Horsemen. These were prominent Democrats, including Tip O'Neill and Teddy Kennedy, who were ready to put pressure on the British Government over Ulster.

He was passionately committed to the work of the Forum, and determined that something should come of it.

Lillis and Goodall were responsible for most of the preparatory work for the Anglo-Irish summit at Chequers a year ago. The decision, taken there, to intensify the process, brought in the big guns—Sir Robert Armstrong, cabinet secretary and head of the British civil service, and Mr Dermot Nally, his Dublin counterpart. Both had been involved previously, at the most senior levels, without devoting a great deal of time to the talks.

As co-chairman of the regular meetings of officials, both had to carve great slices out of their normal agendas to make time for the talks. It is largely because of them, because of their ability to keep the discussions fluid and exploratory, to minimise the taking up of adversarial positions, that the talks proceeded smoothly for as long as they did.

Nally, assistant secretary in the Prime Minister's department in the Lynch government, and thus a senior participant in the Sunningdale negotiations, is described by colleagues as "an honourable, self effacing civil servant of the old school—and a great man for his jar." This, it is hastily pointed out, reflects on his conviviality with colleagues — not his drinking capacity. His approachability, enjoyment of conversation and ability to forget rank has endeared him to those who work with him. His diplomatic skills are not, apparently, matched by his golf where, despite valiant efforts, his handicap remains at 15.

Armstrong, principal private secretary to Edward Heath at the time of the Sunningdale Agreement, has been Cabinet Secretary since 1979 and may well be the most subtle negotiator ever to have held that office. Many believe they know where his own views incline, not necessarily towards their own position, but most of the accounts are contradictory.

A dedicated music-lover, he has been on the Covent Garden Board of Directors for 17 years, and on the management committee of the Royal Philharmonic Society for 10 years. He is also a dab hand with a croquet mallet.

He has earned glowing plaudits from the Irish for his breadth of vision in the talks, his ability to keep the participants working towards each other's positions. But, they add, he has always been first and foremost Mrs Thatcher's man, ensuring that her views were kept well to the fore. And if he sometimes appeared to spot problems on the horizon before she did, he has never given the appearance of steering her one way or the other.

Where toughness was needed on the Irish side, the toughest is generally held to have been Sean Donlon, now head of the Department of Foreign Affairs. A councillor in the Anglo-Irish section at the time of Sunningdale, he was appointed ambassador to Washington in 1981, at the age of 39. A few months later Mr Charles Haughey, newly-elected Prime Minister, tried to eject him from the post—a move Donlon resisted with not a little help from the Four Horsemen. In Washington, he proved a convivial host as well as a shrewd diplomat—even Ronald Reagan was to be seen at the Irish ambassador's residence—and was apparently much in demand as a piano player at Washington parties.

Where a moderating influence was needed on the British side, the most moderate is held to have been Robert Andrew, head of the Northern Ireland Office for just over a year, previously deputy head of the Home Office. His calm and caution are legendary—as befits one who lists his hobbies as gardening and carpentry. "When things seemed to be taking off into the stratosphere, it was Robert who pulled us all down to earth," says one of the participants.

An active supporting role was also played by Christopher Mallaby, who in March this year succeeded Goodall in the Cabinet Office, though Goodall continued, in his new Foreign Office post, to play a major part in the talks. Mallaby, who in 1982 had succeeded Goodall as Minister in the Bonn Embassy, took on the role of "secretary to the UK team." Described as "tall, thin and very elegant — in the intellectual, not the sartorial sense," he was regarded by the Irish as highly aware of their own sensibilities.

For continuity, the talks relied heavily on the regular participation of Alan Goodison, British Ambassador in Dublin, and Noel Dorr, Irish Ambasador in London.

Blame it all on Dermot...

THE ORIGINAL villain of the piece is Dermot MacMurrough, King of Leinster. In 1169 he invited Strongbow to cross the Irish Sea and help him out of a little local difficulty with the High King of Ireland. The British stayed, took control, and subsequently sent Protestant Scots to colonise Ulster.

The villain responsible for the present mess is obviously Lord Randolph Churchill. When Gladstone, impressed by the case for more independence for Ireland and depressed by the mounting violence, introduced his Home Rule Bill in 1886, Churchill wrote a letter, which was to become famous. He had long believed, he claimed, that if Gladstone went for Home Rule, "the Orange card would be the one to play.

"Please God," he added, "it may turn out to be the ace of trumps and not the two." And he made sure it was, visiting Ulster to indulge in a little timely rabble-rousing. "Ulster will fight," he later boasted, "Ulster will be right." And when Home Rule came up again in 1912, Sir Edward Carson renewed the threat, and clearly meant it.

Nearly half a million Ulster men and women declared their resistance to Home Rule, some signing the "covenant" with their own blood. The 100,000 who joined the original Ulster Volunteer Force drilled under the approving eye of the leaders of the Tory Party; the police and army turned a blind eye as rifles and ammunition were shipped in.

Yet this was "unionism" in name only. In intention it was secessionism. Slogans abounded on walls warning: "If Protestant Georgie won't help us, Protestant Billy will"—implying support for the Kaiser in the spirit of William of Orange. What would have happened had the First World War not intervened, who can tell.

Home Rule was shelved for the duration; and any chance of its being reintroduced vanished with the Easter Rising in Dublin in 1916. The occupation of the main Post Office, led by the schoolmaster Padraic Pearse, had its farcical side. But the authorities' reaction, and in particular the way in which the executions of the rebel leaders were spread out over several days, aroused feelings which precluded any return to the half-hearted Home Rule of the earlier bills. A war of independence developed and in 1921 the Lloyd George Government allowed the Free State to secede.

But not Ulster. Or, rather, not the six counties in which there was a Protestant majority. The real leader of the Ulster secessionists turned out not to be Carson, who had been used as a convenient front. The last thing Carson, a Protestant from the South, had wanted was a six-county government at Stormont. For his it was a betrayal. For Sir James Craig, it was an opportunity barely dreamed of—to become head of what was virtually another Orange Free State. He and his followers were quick to consolidate their position by massive gerrymandering.

Whatever chance the Free State had of establishing itself as sufficiently attractive to win back the North—the policy Bernard Shaw advocated, recently echoed by Jeffrey Archer—was destroyed by the civil war which raged in the South after the 1921 Treaty. Instead of building up a worthy state, Kevin O'Higgins—the leading figure in William Cosgrave's pro-Treaty government—lamented, "we preferred to burn houses," and to behave worse than the British had since Cromwell. "And now, we wonder why the Orangemen are not hopping like so many fleas across the border."

When Eamonn de Valera, former President of Sinn Fein, turned constitutional—setting up his Fianna Fail party and gaining power in 1932—he brought in a new constitution, substituting Eire for the Irish Free State. By Eire, he meant all Ireland. As this has remained in the written constitution, it has continued to give Ulster Proestants the excuse to claim that the South would, if it could, take over.

De valera agreed. The South, he insisted, had a moral right to re-unify Ireland. In the late 1940s, he even took the anti-partition cause to the new Council of Europe, hoping to win sympathy. All he got was irritation: Ireland for a while became known at Strasbourg as "the sore thumb of Europe."

All this time the extreme Republicans, under the banner of Sinn Fein, had been preaching war against Britain—in 1938 actually practising it in the bombs-in-letter-boxes campaign. But they were few in number, and bitterly divided. Until the events of 1969 gave them their chance, they were getting nowhere.

Four leading sherpas (from left): Sir Robert Armstrong, Sir Alan Goodison, Noel Dorr and Sean Donlon

What happened then can perhaps be traced to Rab Butler's 1944 Education Act, which had begun to breed a generation less pre-occupied with sectarianism. This, coupled with the mood of the 1960s, led to the civil rights campaign against, among other things, gerrymandering and discrimination in housing.

At this point the Unionists, fearing for their privileges, made the same mistake as the British in 1916. The brutality with which Orange "Loyalist" mobs, abetted by the police, set about the civil rights marchers so shook public opinion in Britain that the Government felt compelled to do precisely what the Unionists had feared, suspend their constitution and send in the army.

British troops, originally welcomed in the Catholic ghettoes of Belfast, soon found themselves facing resurgent republicanism. The IRA hijacked the civil rights movement and the introduction of internment in 1971, and "Bloody Sunday" in 1972, when 13 civilians were killed in Derry consolidated the republican position. This was in spite of continuing splits within the IRA—between the "Officials" and "Provisionals" and later, between the IRA and the Irish National Liberation Army.

When direct rule from Westminster was introduced in 1972, it should have been just what the Unionists wanted. But the great majority longed for a return to the Home Rule perks they had enjoyed for half a century. They showed their muscle by rejecting the Sunningdale power-sharing agreement. The British Government backed down yet again, faced with the Ulster Workers' Council strike and the threat of force which lay behind it.

For 12 years, there was stalemate. This was largely because of the continually renewed pledges from Westminster that Northern Ireland would remain in the UK so long as a majority in the province wished it: the Unionists took this to mean that they had, or ought to have, a veto on any deal the British Government may wish to do with the Republic to remove some of the injustices from which the minority in the North still suffer.

At the same time, they were not prepared to contemplate rebuilding the power-sharing arrangements agreed at Sunningdale, or anything like them; the constitutional nationalists, represented by the Social Democratic and Labour Party—an offshoot of the civil rights movement—were not prepared to settle for less.

So the Constitutional Convention set up by Merlyn Rees in 1975, wound down several months later without being able to agree on any alternatives to direct rule; Roy Mason's five-point plan never got off the ground; Humphrey Atkins' first initiative in early 1980—attempting to set up a new constitutional convention—was boycotted by the main Unionist Party; his second, the next year, proposing a Northern Ireland Advisory Council, quickly flopped; James Prior's painstaking efforts to set up an Assembly foundered on the old rock of power-sharing.

But the process of Anglo-Irish talks, started by Margaret Thatcher and Charles Haughey, and continued by Garret FitzGerald, brought in a new element: a tincture of sanity.

The talks, given new impetus by the New Ireland Forum, were in many ways an attempt to steer the horse back to the hurdle it baulked in 1973-74. But here, too, a new element has emerged.

Mrs Thatcher has at last realised that the Northern majority does *not* have the veto it claims. Certainly it can claim the right to stay within the UK, but only if it concedes the right of the majority in the UK—through the British Government—to make whatever changes it feels desirable.

As the leaders of the Northern Unionists realise, the Orange card is no longer an ace. They have no Carson, and only derisory backing at Westminster. Should they fight? If they do, it can only be as rebels—traitors, in effect, to their own Unionist cause.

MvH

The pressure is on FitzGerald

AMIDST THE tidal wave of speculation swamping Dublin in the days before the Anglo-Irish agreement, it was easy to forget that Dr Garret FitzGerald's coalition government is in deep trouble, trailing the opposition by some 15 points in opinion polls.

The coalition, comprised of Dr FitzGerald's Fine Gael party and the minority Labour party, has a majority in the Dail (lower house) of more than 10 on most issues and an election is not due until 1987. But it is *under fire over its stringent* economic policies and the Fianna Fail opposition, under Charles Haughey's aggressive leadership, already scents a return to office.

There is, of course, intense concern in the Republic over Northern Ireland, but in electoral terms the current major issues of unemployment, tax and public sector pay count for more.

All sides agree that even if the accord with London is perceived in Ireland to be a success, advancing the cause of peace and nationalism in the north, there are unlikely to be many votes in it.

Conversely, the political fall-out, should the agreement turn sour could be much greater. The humiliation, in Irish eyes, of last year's summit when Mrs Thatcher delivered her "out, out, out" verdict on the three options for Northern Ireland outlined in the New Ireland Forum still cast a long shadow.

Whenever the election comes and whatever happens over Northern Ireland, Mr Haughey is in confident form and is likely to remain so. The bitter leadership battles that preceded and followed the November 1982 election defeat of his scandal - plagued government have been left behind and he now leads Fianna Fail unchallenged.

The cause of the coalition's *woes lies in the economy.* Dr FitzGerald came to power committed to "fiscal rectitude" after years of heavy borrowing and free spending that left Ireland with spiralling deficits and fast mounting foreign debts. The axe fell in the 1983 budget which, among other belt tightening, hoisted the top tax rate to 65 per cent, slashed mortgage relief and brought all farmers under the tax umbrella for the first time.

Two-and-a-half years later, inflation has been cut to 5.5 per cent from more than 15 per cent, interest rates are down to 1978 levels and the current account deficit has declined sharply. National debt accumulation has slowed in real terms but now totals around I£17bn (£14bn), nearly half of which is external borrowing. Growth rates have faltered this year and the country is heading for its highest-ever budget deficit of around I£1.3bn, more than 8 per cent of GNP.

These indicators are argued over noisily in the Dail, with the Government maintaining that the picture in overall terms represents an improvement. But the opposition knows that outside Parliament, the issues which count are unemployment, tax and pay. On these, the coalition's popularity has foundered.

On tax, there is palpable public resentment over the taxman's slice of the wage packet, despite a drop in the top tax rate to 60 per cent and a cut in VAT on consumer goods from 35 per cent to 23 per cent.

Unemployment is the highest in the EEC at 17.5 per cent of the workforce, which hits home especially hard in a society where more than half the population is under 25 years old. The Government is also engaged in a bitter battle over public sector pay which it wants to freeze for 12 months.

Against this background, Fianna Fail can afford to concentrate on attacking the Government's record without spelling out in great detail what alternative policies it would pursue.

In the meantime, the Government is treading cautiously on potentially awkward social issues such as divorce. The Labour party has introduced a Bill that would allow for divorce in some irreconcilable cases, but Dr FitzGerald is carefully avoiding a commitment to the referendum it would require to change the constitution, knowing it would cause a major *political rumpus.*

Although many Labour members are distinctly uneasy over participating in a government with such tight economic policies, opinion polls show its own voter base dwindling alarmingly so there is little immediate incentive from them to precipitate an early election.

In the background stands Sinn Fein, ready to make the most political capital it can out of any breakdown in the Anglo-Irish agreement.

Hugh Carnegy

HOW THE SECURITY POSITION HAS IMPROVED

	1971	1972	1974	1976	1978	1980	1982	1984
Shooting incidents*	1,756	10,628	3,206	1,980	755	642	382(165)	230(101)
Explosions	1,022	1,382	685	766	455	280	219	193
Bombs neutralised	493	471	428	426	178	120	113	55
Weight of explosives in lb†	10,972	47,462	46,435	17,596	5,343	9,059	11,199	8,545
Explosions neutralised	3,001	19,978	27,094	16,252	5,860.5	6,405	7,300	6,114
Armed robberies	437	1,931	1,231	813	442	412	580	627
Amount stolen	£303,787	£790,687	£572,951	£545,497	£232,650	£496,835	£1,392,202	£701,903
Malicious fires	—	—	636	453	269	275	499	840
Deaths								
Civilian	115	322	166	245	50	50	57	36
Army/UDR	48	129	35	29	21	16	28	19
RUC/RUC 'R'	11	17	15	23	10	9	12	9
Injuries								
Civilian	1,838	3,813	1,680	2,162	548	530	328	513
Army/UDR	390	578	483	264	135	77	98	86
RUC/RDR 'R'	315	485	235	303	302	194	99	267

* Figures in brackets refer to shots heard only and not included in the total. † Estimated weight only.

The scale of the damage

TWO and a half thousand killed, 24,000 injured (some of them maimed for life), over £6bn paid out in compensation and extra security costs, more than £5bn in lost output and damage to tourism. . . .

The cost of the Ulster violence—to Britain, to the Irish Republic and to Northern Ireland—cannot be measured in figures. But a report prepared by the New Ireland Forum, attempting to quantify the impact of the 13 years of violence from 1969, when the troubles began, gives some idea of the scale of the damage.

The figures, based on UK Supply Estimates, UK Government Spending Plans, written replies to House of Commons questions and Northern Ireland Office reports—as well as Irish Government statistics — have never been challenged by the British Government.

More than half those killed were civilians, including 45 in the Republic, 72 in Britain, and 30 visitors to Northern Ireland.

The killings have weighed heavily on both communities in Ulster. Catholic deaths outnumbered Protestant ones by only five to four; even among civilian deaths, Catholics outnumbered Protestants by only seven to five. (Among those responsible for the killings, however, Republicans outnumbered Loyalists by more than two to one.)

The psychological impact of the violence is harder to assess. The report notes, however, that in the 1970s, more than 60,000 people moved house because of the violence. It also notes that in 1973, one of the worst years, one fifth of all homes in the north were searched.

The direct costs to the British and Irish exchequers are more easily identified. In the south, the extra security costs arising directly from the Northern violence—for the army, police and prison service—rose from IR£2m in 1969-70 (1982 prices) to IR£134m in 1983, a rise from 6.5 per cent to 26.5 per cent of total spending on security.

In the north, the corresponding costs to the British exchequer show a steeper rise. Total spending on the police and courts rose from £15m in 1969-70 to £369m in 1982-83, of which British Government official estimates suggest £250m *represented extra costs directly* attributable to the violence. The extra cost of maintaining the army rose from £2m in 1969-70 to £143m in 1982-83, despite a decline since the peak years of the mid-1970s in army manpower in the province.

The estimated extra cost to the UK over the period, based on these figures, was £4.46bn (1982 prices).

In per capita terms, the extra costs arising from the violence were estimated at an annual IR£36 in the Republic, compared with IR£9 in the UK.

Compensation for criminal injuries (including deaths) and criminal damage to property also soared in north and south over the period. Payments made *in the north rose from £10,000* in 1969-70 to a peak of £50m in 1976-77, with an estimated total cost for the period of £1bn in 1982 prices.

Parallel figures are not available in the south. However, Justice Department estimates indicates the cost of compensation directly due to the violence since 1974 at IR£2.2bn in 1982 prices.

The rise in the prison populations and the increase in average length of sentences, attributable to terrorist offences, have also added sharply to costs.

The more broad economic cost, in terms of lost jobs, lost output and lost investment is harder to assess. The report points out that in the decade before 1969, average annual GDP growth in the north was 40 per cent higher than in Britain. In the following years, the net transfer of revenue to the province (including grant in aid, spending by the Northern Ireland Office, the courts, the Ministry of Agriculture and the National Insurance Fund) rose sharply, reaching £1.3bn in 1983-84. By this time the growth in Northern Ireland GDP, however, was only 40 per cent of that in Britain.

Some of this decline parallels that in other regions during the recession, but the Northern Ireland performance was still substantially weaker than that of Scotland and Wales, which had nothing like the same level of subsidy. Assuming 75 per cent of the decline to have been attributable to violence, the report calculates a cumulative cost, over the 13 years, of £3.5bn in 1982 prices.

Translated into lost jobs, one independent estimate for the decade 1970-80 puts the gross loss at 39,000—reflected in the rise in unemployment from less than 10 per cent at the start of the decade to around 22 per cent today.

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COSTS OF VIOLENCE 1969-1982

Figures in £m

Exchequer Costs to Britain and the North	
Extra security	4,135
Compensation for deaths, injuries and damage to property	1,019
Premium scheme for security staff	56
Sub-total	£5,255
Exchequer Costs to the South	
Extra Security Costs	990
Compensation for deaths, injuries and damage to property	29
Sub-total	£1,019
Total Exchequer costs	£6,274
Estimated Costs to the North's Economy	
Cumulative lost output over 13 years	3,490
Damage to tourism (£1.06bn included in above figure	
Capital and trading costs due to destruction of electricity inter-connector	190
Sub-total	£3,680
Estimated Cost to the Economy in the South	
Damage to tourism	1,070
Capital and trading costs due to destruction of electricity inter-connector	40
Sub-total	£1,1[illegible]
Total economic costs	£4,7[illegible]

Source: New Ireland F[illegible]

The cross-border dimension

A BOMB goes off in a Belfast shopping centre. Glass flies everywhere, a dozen people are injured, and a suspect tears down to the border, hotly pursued by the Royal Ulster Constabulary.

Just south of the border, the Gardai (Irish police) are waiting, having been kept in constant radio touch, by the RUC, of the suspect's movements. As the fugitive crosses the border, they arrest him.

That is how it is supposed to work. Even when it does not, that is no reflection on the willingness of the two forces to work together. It is not only the politicians and police chiefs who constantly assert that cross-border co-operation is "as high as can be maintained between two separate forces." The men on the ground say so, too.

Whatever the agreement does, it cannot rationalise the border or change it from a series of streams, fences and ill-defined landmarks to a straight, easily defendable line. Nor can it allow Ulster police and troops to go charging south, nor Irish troops and police to rush into the north. The political climate is not ready for that, either side of the border.

The agreement, however, does address the root of the problem—the need to make the Ulster security forces acceptable to the minority community, so that bombs in shopping centres can no longer be seen by anyone as political acts, nor the perpetrators as soldiers in a just war.

But there is a long way to go. If Loyalist paramilitaries complain that they no longer have friends in high places in the RUC, nationalists remain convinced that many at lower levels retain sectarian instincts.

At a more mundane level, nationalists feel they are subject to more harassment.

It was always clear that security would be the most difficult area in the talks, with Dublin pressing for radical, visible reforms. London, while agreeing with the need for many of the reforms demanded by the Irish, has argued that the security forces cannot be pushed too far too fast—and cannot be pushed anywhere under pressure from Dublin, real or perceived.

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U-turns are in fashion

THE BRITISH are an insular lot. Mr Nigel Lawson's *fairly* modest and thinly disguised reflation has set off a national yah-boo debate about whether or not the Government has *performed an ideological U-turn.* That question is only interesting for those who have up to now believed the Government's rhetoric rather than watching *its actions. This* has always been a pretty pragmatic government and this is not indeed the first time it has tried reflation. Sir Geoffrey Howe's *unannounced* relaxation of spending control in 1982-83 was a considerably more vigorous one than Mr Lawson's will be if he sticks to his published intentions—though the credibility of his figures is a second and more interesting question. They are hard to swallow, and this may undermine confidence.

The really big event, though, is the Government's *technical* U-turn, which has been in progress ever since the summer, *and how it fits into the world*-wide redirection of policy being led by Mr James Baker from the US Treasury. Until this year the Government broadly believed in a genuinely tight fiscal policy (except in election years), and in stimulating growth through lower interest rates. That policy was initiated in Sir Geoffrey's 1981 Budget, and finally came unstuck last winter when the pound became critically weak. *This relaxation* was concealed behind a facade of monetary control which was much more deceptive than anything Mr Lawson is attempting on the fiscal front—an attempt to control the money numbers through technical tricks while allowing interest rates to fall.

Sensible

The monetary nonsense was called off in the summer; we have now abandoned faulty targets and technical tricks but have adopted a monetary policy which, as measured by interest rates and the exchange rates, is in fact considerably tighter. High interest rates and a stable exchange rate are intended to restrain inflation and make it less risky to relax the Budget stance.

This set of policies, which might be called Reaganomics reduced to sensible proportions, looks a good deal likelier to work than the old mix. Import competition at stable exchange number of lectures from Centre rates will do more than any Point to restrain excessive wage settlements; those settlements which are not excessive, because they reward genuine productivity, will go on. This is what is known as a working labour market. High borrowing costs and reduced taxes will *help to ensure that any expansion* does more for jobs than in the past.

This is of course why the words rather than policies. The Alliance would in any case have *made similar changes*—and joined the EMS to drive the point home. For Labour, the new policies are at least a small step in the right direction. Some monetarist diehards in the City are genuinely outraged (for the wrong reasons—*they should have been raging* at the previous monetary fudge). For the rest, the debate is about the Government's *insistence on pretending*, against the evidence, that nothing has changed.

Relaxation

However, the argument about British policy in purely insular terms remains trivial, even when the change is described *accurately. It is like discussing* the question of whether to wear a wollen or a cotten suit as if it were purely a matter of looking fashionable. What *matters is the weather;* and the economic weather, like the wind and the rain, come to us from across *the Atlantic. We in Britain can make a modest*, technical U-turn because the Americans are in the course of making a very big one.

The relaxation of American *monetary policy* began as a response to the debt crisis in 1982. It is now in its second stage, designed not merely to bring *real interest rates* down from the stratosphere, but to bring the dollar down too. In effect, the great deflation which *Mr Paul Volcker initiated* in 1979 is at an end. The US financial markets now talk of disinflation, the budget deficit has been virtually stabilised in *GDP terms* — and is actually deflating demand as real spending is squeezed to make room for interest payments — and the *debt situation is still critical.*

Against this background America's trade partners are being bullied and cajoled to change their policies. The *realignment* of the dollar required monetary relaxation in the US helped by tightening elsewhere.

On a world scale the monetary relaxation by the Fed is *far more* influential than any tightening here or in Japan. That is why financial markets are still booming. This boost to market values may help to stimulate growth and investment: but it is also a worry for the monteary authorities. Booming markets *encourage* silly financial projects. In effect we are trying to replay 1929 without the runaway boom (securities *are still cheap* by historical standards) or the crash. It is a delicate task, and may fail; but at least we are trying.

POLITICS TODAY: THE ANGLO-IRISH AGREEMENT

Hands across the Irish Sea

By Malcolm Rutherford

THE agreement reached between Mrs Margaret Thatcher, the British Prime Minister, and Dr Garret FitzGerald, her *Irish* counterpart, yesterday is an opportunity to end the violence and disputes that have intermittently divided the British and Irish peoples for decades and, *if one* takes the historical view, for centuries.

It is no more than that: an opportunity. It is also no less. The agreement leaves a great deal open. *All sorts* of matters have still to be settled. And it is not quite the agreement that had been widely leaked in advance in both the British and *the Irish press.*

The two countries have not yet remotely agreed on the establishment of mixed courts in Ulster, *whereby judges from the* Republic would be able to have a say in the justice administered in the north.

It is *by no means certain* that the political parties in Northern Ireland will agree to work together in an Assembly that respects *the rights of the catholic or nationalist minority:* which ever word you choose to describe the 40 per cent or so of Northern Irish who, in varying degrees, have no love for the present Ulster set-up.

The full reactions from some of the main parties *affected* by the agreement have still to come: from the Official and Democratic Unionists in the north, from the mainly catholic Social and Democratic Labour Party led by Mr John Hume which had so far declined to participate in the workings of *the Northern Ireland Assembly*, from the Provisional IRA and its offshoots, from some British politicians, and not least from Mr Charles Haughey, the leader of the opposition in the Irish Parliament.

What matters, however, is that the principals have acted. They are Dr FitzGerald and Mrs Thatcher. *It is tempting* to give special praise to Dr FitzGerald, but Mrs Thatcher must come first.

Without a British Prime Minister putting the Irish question at the top of the political agenda, there was never the slightest chance of a settlement. Mrs Thatcher has done it. Others have tried before her: Mr Edward Heath with *the* attempted Sunningdale deal in 1973, or you can go back to Gladstone and Asquith. But always something else got in the way, whether it was the outbreak *of the First World War* or the miners' strike and Mr Heath's premature general election in 1974.

Mrs Thatcher had no obvious incentives to *try anything* very much. As a politician she does not believe in miracles and tends to steer clear of high-risk areas which might be regarded as peripheral. *She burnt* her fingers with Mr Haughey when he was Irish Prime Minister during her first administration.

She might very well have stayed out of it as one Northern Ireland Secretary succeeded another: Mr James Prior, Mr Douglas Hurd, and now Mr Tom King. Who even remembers Sir Humphrey Atkins, her first appointment, who came away from the province saying that nothing could be done for a generation? Other Conservatives, like the late Reginald Maudling, had reached similar conclusions along the lines that the situation was insoluble.

Yet Mrs Thatcher did have some personal motivations. Ireland very nearly killed her. Mr Airey Neave, one of her closest advisers and the man who had most to do with her campaign for the Tory Party leadership in 1975, was assassinated by an Irish bomb in the precincts of Westminster just *before the 1979 general election.* She herself was very nearly destroyed by the explosion at the Conservative Party Conference in Brighton last year.

It was the persistence of Irish terrorism that helped to persuade her that something might and could be done. It was also the relentlessly uncom*promising attitude of some of* the Ulster Unionists, some of whom would have no truck with the Irish Republic and pro*claimed themselves* more British than the British, though not in a very British way. Perhaps above all, there was her growing trust in Dr FitzGerald and his readiness to reach an accommodation that falls far short of Irish unity, at least for the foreseeable future, probably *until the next century.*

"Dr FitzGerald and I" became one of her stock phrases, to be used in the United States as well as Britain, and was repeated again in their joint Press conference in Northern Ireland yesterday.

The moment when one *became absolutely convinced of Mrs Thatcher's seriousness* and determination came in the House of Commons on Thursday afternoon.

There had already been some Tory and Ulster Unionist sniping about the idea of an Irish settlement or "sell-out." The protestors were firmly put down my Mr King. Then, during questions to the Prime Minister, Mr Enoch Powell intervened: "Does the right hon Lady understand—if she does not *yet* understand she soon will—that the penalty for treachery is to fall into public contempt ?".

It was reminiscent of a previous intervention by Mr Powell when Britain was going to war to recover the Falklands. He had said then the metal of the "Iron Lady" was being tested, and congratulated her afterwards for having come through.

In 1981 Mrs Thatcher listened to him with the greatest respect and admiration. *On Thursday* she was crushing: "I think that the right hon Gentleman will understand that I find his remarks deeply offensive."

One of the side effects of the Irish agreement may be that Mr Powell has ceased to be a serious parliamentary figure. He is expected to make a devastat*ing speech when the agreement* is debated in about two weeks' time, but that, says a senior Cabinet Minister, should be his *last great swan song. It will be the end of a House of Commons* epoch and of the curious influence which Mr Powell has continued over the Tory Party.

At the same time. Mr Neil Kinnock, the leader of the Labour Party, gave the Prime Minister his basic support. "*Twice in the last 20 minutes,*" he said, "we have heard talk of treachery. Will the Right Hon Lady accept from me and the Labour Benches that such talk *is inflammatory, irresponsible* and should have no place in this democratic Assembly."

A minister in the Northern Ireland Office said yesterday that the number of Tories voting against the agreement would be no more than 20. It *could be less, for what has happened is* that there is a widespread feeling — extending across political parties and across the Irish Sea — that the *situation in Ulster* cannot be allowed to go on as it has. Enough is enough. There is no point in the endless violence. Nobody wins.

One wonders, however, *if* events would have moved as quickly had the Irish politicians not come together to produce the report of the New Ireland *Forum in May last year. That was the fundamental turning* point. It should be remembered that it was signed not only by Dr FitzGerald, but also by Mr *Haughey for the Irish opposi*tion and by Mr Hume and some of his less moderate supporters for the SDLP in the north.

It was that document which laid down that Irish unity was *more of a distant aspiration* than an immediate objective. It also acknowledged that there would have to be some reconciliation between the com*munities in the north before* there could be full reconciliation between the two parts of Ireland.

It went out of its way to *accept the obstacles in the way* of unification. A key paragraph went as follows: "The unionist identity and ethos comprise a sense of Britishness, allied to their particular sense of Irishness and a set of values comprising a *Protestant ethos* which they believe to be under threat from a Catholic ethos, perceived as reflecting different and often opposing values."

The report went on to say: "*Agreement* means that the political arrangements for a new and sovereign Ireland would have to be freely negotiated to and agreed to by *the people of* the orth and by the people of the South." That describes almost exactly the British position and certainly the one that has been held by Mrs Thatcher throughout.

What the participants in the Forum wanted was a new *momentum.* "Britain has a duty to respond now," they wrote, "in order to ensure that the people of orthern Ireland are not condemned to *yet another* generation of violence and sterility.

"The parties in the Forum by their participation in its work *have already committed themselves* to join in a process directed towards that end."

That last sentence will be in many people's minds as the full reaction of Mr Haughey to the agreement is awaited.

The first real evidence that something was up at the British *end came in the House of* Commons debate on the Forum report on July 2 1984. Mr Prior was making almost his last appearance as Secretary of State. *The Prime Minister sat* by his side and everyone knew that there had not been a happy relationship

Yet, particularly in retrospect, he made a dominant contribution. "I have to tell the House," he said in the debate, "that I have changed my view over the years. At one time, I felt that a major, strong and effective political response would in itself prevent terror. Now I am of the belief that in the short *run* political progress *may* increase terrorism, for a short time before things improve."

That fear of an increase in violence is ever-present in Northern Ireland Secretaries of State. Mr Hurd said when he took over from Mr Prior that he could hardly bring himself to believe that the IRA had become so *sophisticated* in its methods, and the warning about an upsurge in terrorism is probably prescient now that a settlement has been reached.

The essence of *Mr Prior's statement, however,* was still to come. "The dangers for the people of Northern Ireland of sitting back and doing nothing are greater than the obvious *risks of seeking to make some* political advance." Mrs Thatcher firmly nodded her assent in a gesture that revealed her own *change of attitude.*

Some of the other speeches in that debate are worth recalling, too. For instance, Mr Ian Paisley said: "There *is a real desire for peace* . . . Ulster is saying to the South: 'Please let us alone and let us remain within the United Kingdom. Let *us develop in the way that we* wish and you can develop in the way that you wish.'

"I believe that if both parts of Ireland took that road the *time would come again when* Government Departments in both North and South could get together as they did in the old Stormont days on matters *from which both could benefit.*"

Mr Paisley's tone was distinctly conciliatory, as was that of Mr James Molyneaux, the leader of the Official Union*ists*, who said *that the people* of Northern Ireland were in the mood to begin the work of repair.

Those words should not be forgotten in the heat of the *moment now that an agreement* has been reached.

Dublin has been frequently disappointed by the way British interest in the Irish question has gone up *and* down. It was especially upset—at least briefly—by the way Mr Hurd was succeeded as Secretary of State by Mr King *after having* held the office for barely a year.

Yet there is perhaps something new in British politics. There is a group of senior *ministers from Mrs Thatcher* downwards who know and care about the subject and who are determined to deal with it. They include Sir Geoffrey Howe, the *Foreign Secretary*, as well as those who serve or have served in Ulster.

The agreement signed yesterday is only a framework, but it has come at the right time. If the British Government keeps Ireland high on the agenda, it should be able to show that, *along* with the government in Dublin, it is more powerful than the IRA and any Unionist extremists who want to take to the streets or worse. It is a matter, as *the joint* communique says, of determination and imagination.

Dr Garret FitzGerald and Mrs Margaret Thatcher exchange documents after signing the Anglo-Irish agreement at Hillsborough House, Northern Ireland, yesterday. Behind them are Mr Tom King (centre) and Sir Geoffrey Howe

Sponsorship in Britain

The Art of getting cheap publicity

By Antony Thorncroft

NEXT Wednesday those companies that sponsor the arts in a big way will be gathering at the Savoy *for the annual prize*-giving to reward those among them who have shown the most imagination in their aid in the past year.

Organised by the Association of Business Sponsorship of the Arts it offers the companies what they most crave—some recognition *for their financial* generosity. It also, however, epitomises one of their most tricky problems: because the *actual award ceremony is sponsored* by the Daily Telegraph the event does not receive much coverage in the media.

Trying to persuade the media to credit sponsors for their investment in arts events, and lobbying the Government to improve the tax *advantages* of sponsorship are the two major campaigns now being tackled by ABSA; both are Herculean challenges.

But the fact that ABSA can concentrate on such propaganda issues underlines the fact that arts sponsorship in the UK has come *of age* and *is now firmly* established. ABSA has 150 corporate members and, in all, around 300 companies aid the arts in some significant way. Their contribution *this year* will total £20m — considerably less than the £106m from the Arts Council but then 10 years ago industry gave just £600,000. In addition, companies spend *approaching £10m on promoting* the events they sponsor, and on entertaining special guests on the day.

The Government is very keen to develop this alternative method of arts funding. Mr Richard Luce, Minister for the Arts, has recently echoed his predecessor, Lord Gowrie, in declaring that for extra *revenue, the arts organisations* must loog to their own fundraising efforts and, in particular, to sponshorship. Government aid, through the Arts *Council, cannot be expected to grow in real terms.*

The Governmnet has given £1.5m in seed corn cash in the past year, matching new sponsoring initiatives by *business* pound for pound, and supporting fresh ideas by existing *sponsors in the ratio of one* Government pound to three by commerce, up to a maximum of £25,000.

Through this Business Sponsorship *Incentive Scheme it* claims to have attracted an additonal £4m in sponsorship money since October 1984. But now the arts sponsorship in*dustry is uncertain whether the* Government will continue with its challenge money into 1986. It may feel that it has done enough in setting the ball rolling, although there *is a long queue of companies*, especially in the provinces and planning to put up less than £10,000, which will feel left in the lurch *if Government support is with*drawn.

Arts sponsorship is much cheaper than sports sponsorship, small sums go a long way; it is popular at board level (and here the arts interests of the chairman, or his wife, *still can be very influential*); and it attracts a better class of consumer—there are no riots at arts events.

This increase in attention has significantly changed the *internal* company view of arts sponsorship: it is now often seen as part of the marketing budget rather than as a charity donation. Companies are keen on "*own* label" events, created for them with some tangible promotional benefits: they are less inclined to see their money swamped in *helping yet another concert on* London's South Bank, or in underwriting a new opera production where their £100,000 plus contribution is largely ignored by the media.

They now all want a Booker Prize, which for less than *£40,000 a year has been so suc*cessful in free publicity that the sponsor, Booker McConnell, is actually shortening its name to Booker. There is also *enthusiasm for competitions;* they arouse public interest and, more to the point, may attract the interest of the TV cameras.

So this year we have Mobil, with a *playwriting competition;* British Airways spending around £100,000 on a poetry prize; Athena spending around £70,000 on a painting competition, with a *£25,000 top prize;* and Whitbread rejigging its book prize to secure an award of £17,500 (putting it ahead of Booker) and, in all, allotting £90,000, much of it on marketing the short listed books and the Whitbread connection.

None of these events would happen without the sponsorship, and they enable the companies to exploit their ideas *without too much interference* from the artistic community, which until recently was keen *to take* business money but less willing to *give credit for it.* Now the cash crisis in the arts is so severe that even the *National* Theatre is actively looking *for sponsors, at £100,000* plus a play, for its major productions

Experience suggests that if sponsors withdraw, *they can be* replaced. Martini stopped its aid to the Chichester Festival and *Du Maurier did* not renew its heavy backing of the Philharmonia Orchestra. Both organisations found a new *friend in* Nissan, which has promised £400,000 to each over the next four years.

Nissan represents another *recent trend in arts sponsor*ship—the enthusiasm of foreign companies anxious to become quickly Anglicised.

Most large UK companies make some contribution, some, like Marks and Spencer, stealthily, others, like BP, also concentrating on community *arts programmes, most, like* Sainsbury, being practical and concentrating its aid on a few events, notably its Choir of the Year competition, which got extensive *TV coverage.* Other large companies, such as British Telecom, ICI, GEC, Shell and Ford UK do little or nothing.

Even the biggest spenders, like Barclays, Lloyds and BP spend only £700,000 a year, a pittance in their overall marketing budgets. Until *recently much of the money* had been given in an unstructured manner, with little research into its effectiveness. In future the arts will be seen as a *useful alternative* to sales promotion, or *advertising, or* PR, ideal in certain circumstances. The problem may turn out to be not to encourage *business to support the arts* but to persuade arts organisations that they are not being exploited for commercial purposes.

Richard Angas in Covent Garden's production of Orpheus in the Underworld, sponsored by National Westminster Bank

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Men in the News

Sir Ronald Halstead and Lord Keith

Sir Ronald (left) and Lord Keith

How the chairman's world was shattered

By Martin Dickson

IT TOOK just 30 extraordinary minutes on Friday of last week to shatter the world of Sir Ronald Halstead, chairman and chief executive of the Beecham Group.

At about 10.30 that morning, Sir Ronald's chaffeur-driven car dropped him in London's Victoria area at the office of Lord Keith of Castleacre, Beecham's vice-chairman and longest serving non-executive director. At short notice, Lord Keith had asked Sir Ronald to attend a meeting with all three of the group's non-executive directors.

Sir Ronald was not sure what they wanted to discuss, but he expected one topic would be the group's disappointing half-year results, due to be unveiled later in the month. He had brought along a copy of his planned interim statement to show them.

To his amazement, he found there was just one topic: himself. The conversation was led by Lord Keith, the 69-year-old former chairman of both Hill Samuel, the merchant bank, and Rolls Royce, the aero engine manufacturer. He has an acid tongue and a reputation as one of the hardest men in British industry.

After a review of Beecham's lacklustre performance in recent years, Lord Keith turned to Sir Ronald and suggested that he resign — a mere 15 months after taking over as chairman and after a distinguished 31-year career with the company.

Lord Keith said his request had the support of other Beecham board members (apart from one absent in New Zealand), but he made clear there had been no pressure from the company's institutional shareholders.

At about 11 am on that cold, bright morning, Sir Ronald found himself back on the Victoria pavement and out of a job. He had agreed to quit, without a fight, provided his departure was handled in a low-key, dignified fashion.

"It came completely out of the blue," he says. "Imagine my shock, after my track record with the company . . ."

He was not the only one to be stunned. When news of the boardroom coup was released at midday last Monday, it caught the City totally unawares and that, coupled with the release of the interim figures, sent Beecham's share price into a steep dive.

It is extremely unusual for the chairman of a major British public company to be ousted in such a fashion. True, there have been two similar examples in recent months, at both STC, where Lord Keith was also a non-executive director, and at Thorn-EMI. Remarkably, Lord Keith is now temporary chairman at both STC and Beecham.

But both Thorn and STC had for months been in severe difficulties. What makes the Beecham affair so unusual is that the company is not in any evident crisis, although its far-from-sparkling recent performance has given it a poor City image.

So just why did Sir Ronald go? He believes he has been made a "sacrificial lamb" for Beecham's track record over the past three to four years—long before he assumed the top job.

However, the view from his critics within the company is rather different: they argue that his departure stemmed not from Sir Ronald's admittedly difficult legacy, but from the style in which he was tackling what all agree are some major and fundamental long-term problems facing the group.

Founded as a public company 60 years ago, selling pills and potions, Beecham has grown into one of Britain's biggest multinationals (turnover £2 3bn), specialising in two areas. One is consumer products, including household names like Macleans toothpaste, Brylcreem, Silvikrin shampoos and Marmite.

The other is pharmaceuticals, which it entered dramatically in the 1950s when it developed a new family of penicillin antibiotics.

The 1960s and 1970s were golden years for Beecham. Under the leadership of H.G. Lazell, one of the outstanding marketing men of his generation, the flair and aggression of its consumer products division, together with its successful new antibiotics, took profits higher and higher.

By the start of this decade, however, its performance had become less dynamic, largely because of difficulties in the pharmaceuticals division.

Beecham

Sir Ronald therefore inherited no easy task in July 1984 when he took on the chairmanship from Sir Graham Wilkins, head of Beechams from the mid-1970s.

But Sir Ronald came to the job with a very impressive track record. The son of a Lancashire shop-keeper, and now aged 58, he took a science degree at Cambridge and had been with Beecham for virtually all his career, most of it on the consumer products side, where he was a resounding success. "There is no question," says one City analyst, "that in the world of consumer products he was—and is—a great figure."

As his career blossomed, so did his range of interests outside the company. These include two directorships (Burmah Oil and British Steel) and the chairmanship of the National Economic Development Office's industry group for knitting manufacturers ("little Neddy"), from which unlikely base Sir Ronald launched a successful campaign for a significant Government tax change.

But it is the very extent of these interests which his critics cite as one of a number of complex, intertwining factors behind his departure. They believe he was devoting insufficient time to Beecham business. "The corridors of power can be enticing," says one, tartly.

Sir Ronald roundly rejects this. "My outside interests took very little time," he says. "Ninety per cent was devoted to Beecham—and my Whitehall contacts were important for the company."

The critics also argue that just when Beecham needed urgently to tackle its long-term difficulties, managers down the line were experiencing a sense of drift.

Sir Ronald rebuts this. He points out that on taking office he began a major drive to speed up product launches in pharmaceuticals; that last summer the company held a major strategy conference in Frankfurt, and he had since been determinedly keeping up the momentum established there. He also says he pursued a strong acquisition drive—further proof of which was yesterday's announcement from Beecham that it was negotiating the possible purchase of Revlon's over-the-counter health products business.

Nevertheless, retort his opponents, he failed to communicate a sufficiently realistic message about Beecham either internally or to the City.

Symptomatic of the problem, they argue, is an interview with him published in the October edition of Management Today, in which he was quoted as saying: "People are bored with the fact that our results are so consistently good"

Sir Ronald, who believes he has always communicated Beecham's position accurately, says Management Today misquoted him. The reporter concerned says he did not.

Whatever the truth, that article was used by Sir Ronald's opponents as a weapon against him, as were a series of critical stockbrokers' reports on the company.

City criticism, coupled with a sense of dissatisfaction within the company, appear to have galvanised the non-executives into action.

All three are strong, highly respected industrialists: Lord McFadzean of Kelvinside is a former chairman of Rolls Royce and of British Airways, and Mr Denis Allport is about to retire as chairman of Metal Box. "These guys," said one City banker, "are not used to playing patball."

Lord Keith, for his part, has a particularly long association with Beecham. He has been on the board since 1949, while Mr Philip Hill, founder of the company which Lord Keith later forged into Hill Samuel, rescued the Beecham family business from the receivers back in the 1920s.

In the event, Sir Ronald's departure was not as dignified or low key as he had expected. At a press conference to announce the "amicable" resignation, Lord Keith spoke bluntly of the need for a "younger and more dynamic management" and complained that the group had grown complacent.

Those remarks—and headlines suggesting he was "sacked"—have angered Sir Ronald, who is still clearly in a state of shock.

"I don't want to be critical of Lord Keith," he says, choosing his words with care. "I've been friendly with him for a long time. But I think what they've done has been unjust and unfair."

UK autumn financial statement

Diagnosing the City's schizophrenia

By Philip Stephens, Economics Correspondent

"IT'S a trick" chorused the City's economists as the London stock market sailed on to new highs in the wake of Mr Nigel Lawson's Autumn Statement on public spending and the economy this week.

The brokers' circulars crawled over the Chancellor's public spending arithmetic and claimed ample evidence of a policy U-turn, but investors focused on his promise of tax cuts and another year of buoyant economic growth and low inflation.

This apparent schizophrenia was not confined to the City. The Whitehall publicity machine, at the start of the week trumpeting the prospect of more spending on houses, hospitals and roads, then reversed itself to dampen talk of reflation.

The Treasury was aghast at cartoons in the Tory popular press showing Mr Lawson showering cash on public works projects in a pre-election spree. Mrs Margaret Thatcher insisted that policy had not changed. So by Friday the stock market had lost some of its fizz.

What the Chancellor actually said about public spending was that, after adjustment for inflation, it would be held roughly constant over the next three years.

Since the rest of the economy would continue to expand, bringing in higher revenues, that should leave room for "considered and justified" tax cuts in the run-up to the general election which must be held by June, 1988.

At the same time, the Treasury forecast strong consumer spending — fuelled by falling inflation and buoyant earnings for those in work — which would maintain the momentum of the economy next year.

Although the pace of export and investment growth is expected to slow, the Government anticipates that the volume of consumer spending will rise by 4 per cent, with outlays on consumer durables soaring by at much as 10 per cent.

The Government's own spending targets, however, depend on a rapid acceleration of its sales of state industries.

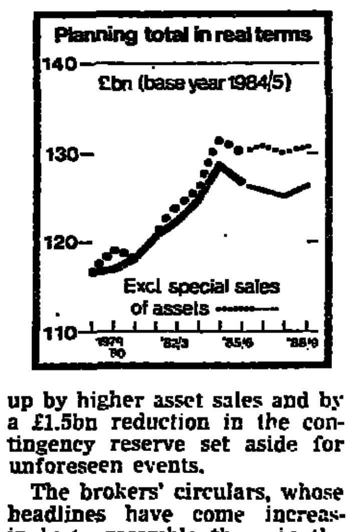
With the British Gas Corporation now set for privatisation next year, Mr Lawson announced that his receipts from asset sales will total £4¾bn in each of the next three years, compared with previous plans of around £2bn.

In the official accounting conventions privatisation receipts count as negative public spending rather than extra revenues, so the spending targets are not as tight as they seem. A judgement on whether they are reflationary, however, depends on the starting point.

Most of the City's economists chose to compare the new plans with those announced by the Chancellor in last spring's Budget, and found that he was "fudging" the arithmetic to preserve the scope for tax cuts.

The comparison shows that while the overall "planning total" for public spending in 1986-87 had been kept to £139bn, allocations for individual departments are £4bn higher.

The difference has been made



up by higher asset sales and by a £1.5bn reduction in the contingency reserve set aside for unforeseen events.

The brokers' circulars, whose headlines have come increasingly to resemble those in the popular press, were thus liberally sprinkled with accusations of electioneering.

The Treasury's retort was that even if asset sales were excluded from the calculation, spending should rise by only 0.6 per cent in real terms next year, far slower than the 3 per cent growth forecast for the economy as a whole. In the three years to 1988-89 its plans envisaged a rise of only 0.8 per cent.

And if falling oil revenues may mean that borrowing this year is £1bn higher than its original £7bn target, it will remain lower as a proportion of national income than in 1980-81, a year when the Government was accused of savage deflation.

Between the two extremes, more sedate commentators outside the Treasury were reserving judgment until next spring's budget.

Mr Lawson deliberately avoided giving any forecast of the scope for tax cuts next year in what already looks like a vain attempt to avoid too much pre-Budget speculation.

The rise in the sterling/dollar exchange rate and falling oil price rises, however, make the £2½bn pencilled in for tax cuts in the Government's medium-term strategy look distinctly over-ambitious. Oil revenues in 1986-87 could be around £3bn lower than the £11½bn forecast earlier this year.

Some of the shortfall will be made up by higher receipts from income and value-added taxes, but the City's view is the best Mr Lawson can hope for without pushing up public borrowing is between £2bn and £2½bn.

Many economists — including some inside the Treasury—also believe that the Government should actually reduce its planned borrowing next year to offset the impact of faster asset sales.

If the Chancellor seeks to stick to his original plans for tax cuts, the charge that he is switching policy towards "Reaganomics" to sustain both the recovery and the Government's electoral chances will be much harder to refute.

In any event it seems likely that the Treasury has already accepted that interest rates will have to stay at close to their present high levels for the foreseeable future to counter possible storms on the foreign exchange markets.

The uncertainties over public spending come at the time when the Government's decision to drop this year's target for the broad money supply measure, sterling M3, has already created some unease over monetary policy.

The risk for Mr Lawson is that in the run-up to the Budget, sterling could be hit by a bout of the oil price fears which traditionally surface towards the end of the winter. Uncertainties over both fiscal and monetary policy would not provide an auspicious background.

Letters to the Editor

Pensions—a compromise?

From Mr D. Townley

Sir, — Much comment has recently been devoted to Norman Fowler's proposals to phase out Serps (the state earnings related pension scheme). The weight of reasoned argument against these proposals is substantial, although I wonder if both the Government's objectives and the views of the pensions industry could not be accommodated by introducing an alternative contracting-out test for money purchase arrangements, in addition to the existing test applicable to final salary schemes.

Many small to medium sized employers still remember the high rates of inflation experienced in the 1970s and as such are well aware of the contribution volatility inherent in defined benefit or final salary schemes. From my experience, such employers would be more willing to consider defined cost or money purchase arrangements and as such would be amenable to contracting out of the existing serps provided a contribution as opposed to a benefit test was introduced.

Does such a middle-of-the-road approach not represent a practical solution to bring together the current opposing viewpoints and to leave serps in existence as a safety net for employers unwilling to take up private provision, whether final salary or money purchase orientated?

Douglas Townley.
7a Lee Lane,
Horwich, Bolton, Manchester.

London weighting allowances

From the Editor,
Industrial Relations Services
Review and Report.

Sir, — Mr Brown's letter (November 8) on London allowances and in particular our recent review of those paid by 40 large organisations questions the "uniformity" of London allowances. Nowhere does our survey use the term uniformity. The major findings of our survey were in fact as follows: in the last year most allowances have been increased by between 5 per cent and 10 per cent; there is continuing variation in allowance levels, but over a third of the inner London annual rates surveyed fall in the range £1,405 and £1,485; in most cases review dates for London allowances tend to coincide with annual pay reviews; and methods of uprating vary from the more sophisticated research-based approaches to a straightforward linking with annual pay awards.

We would not of course dissent at all from Mr Brown's second point that none of the weightings quoted actually meets the additional living costs incurred in central London.

D. J. Martin,
67, Maygrove Rd, NW6.

Regulating gas

From the Director,
Association for the
Conservation of Energy.

Sir,—Max Wilkinson's review (November 7) of the gas privatisation issues makes an assumption which I suspect may eventually prove to be erroneous. It is that the existence, from the time of flotation, of a strong regulatory authority would be unwelcome to potential investors in the gas company.

On the contrary, I am certain that such an authority would in no sense, diminish the initial attraction to the market place. Indeed it may well discourage those antipathetic to the concept of such a flotation from threatening to reverse the procedure at a later date, and thereby perhaps dissuading some potential investors altogether.

The Government's express concern to extend share ownership as widely as possible will no doubt have a substantial bearing upon the ultimate price at which it is decided to make shares available. Equally, I believe that given the size of the company and particularly its possession of prime location retail outlets in practically every High Street, the flotation will prove extremely attractive to both institutional and private shareholders, even should a strong and respected regulatory authority be introduced—as it is certainly in the interests of the consumer that it should be.

Andrew Warren,
9 Sherlock Mews W1.

Keep Sunday separate

From Mr G. Dean

Sir,—I am pleased to see (November 11) Mr Hurd's pledge on Sunday shop hours regarding existing retail staff. It is good to know that they will not be obliged to work on Sundays.

There are, however, two points that need further thought. What will be the situation regarding the manager of a large department store who does not wish to open his shop on Sunday? How long will he be able to maintain his position within the firm before a "convenient" new appointment is found for him which undoubtedly would involve less responsibility and ensure that he is forgotten for the future.

The other point concerns my children, what assurance is there that they will not have to work on Sundays as it is clear that the safeguard is only for existing staff.

The steamroller attitude that is being adopted on this issue can do the Government no good at all and it should take note of the rising ground swell of opinion from individuals against what is proposed. Anomalies there are but it is clear that it is throwing the baby out with the bathwater.

G. A. Dean.
27, Poltimore Road,
Guildford, Surrey.

Decision making

From Mr M. Wolf

Sir,—It is clear from his letter (November 7) that I have been misled by what Mr Smith quite rightly refers to as his gestures. In his original letter in reply to Samuel Brittan, Mr Smith stated "Neither economic theory nor empirical observation give any grounds for believing that markets can or do make efficient allocations where future—especially distant future—decisions are involved." The justification for this position was the reference to the Arrow-Debreu requirement of complete contingent and future markets. Mr Smith also stated that "successful economies tend to be characterised by some form of governmental or non-governmental co-ordinating institution," and—most important of all — concluded that "Brittan's assertion that a price—and market-led adjustment is 'indeed what will happen' is untenable."

From these remarks I assumed — obviously wrongly — that Mr Smith thought some form of co-ordinating institution the solution to a problem which he has defined on the basis of the Arrow-Debreu model. We are now given to understand that Mr Smith merely suggests that "interventionist strategies should be an area of research and debate, bearing in mind that no particular policy conclusions follows from the fact that the market mechanism normally —or always—works in a sub-optimal manner." Since Mr Smith asserts that he does not draw conclusions and I assert that none is to be drawn from the considerations he has advanced, there is evidently no disagreement. In addition how could an economist disagree with the need for research on interventionist strategies, not that this is an entirely unexamined area of applied economics? My only observation would be that the original attack on Mr Brittan does appear to be much ado about nothing in particular.

A concern still stands, however, and it is with Mr Smith's starting point. The problem we face is how decisions are best taken in a world of irreducible uncertainty where nobody has privileged access to knowledge about the future. Everybody, including the "co-ordinating institution," has to guess. In this context, the criteria suggested by the formal models of general equilibrium are of little use, even as a starting point. Yet these models appear to have led Mr Smith to a flat denial of Mr Brittan's obviously correct assertion that a price-led and market-led adjustment to the end of oil will happen. The issue is only whether conscious government intervention now can improve on the adjustment that will happen then and, if so, what precisely such intervention should consist of.

Martin Wolf
(Director of Studies).
Trade Policy Research Centre.
1 Gough Square, EC4.

Crossing the Channel

From the Chief Executive,
EuroRoute Construction

Sir,—John Macdonald QC (Nov 11) suggests that the EuroRoute project is being pushed through with indecent haste in the face of alleged problems.

He refers to the findings of the 1982 Government study group that "a bridge-tunnel-bridge scheme was the most problematical from the technical point of view." That study group was not blessed with the details of EuroRoute's current scheme, which forms the basis of our submission to Government and which overcomes the problems of the earlier one, being both financially and technically viable.

We have not, as Mr Macdonald suggests, "relegated the rail tunnel to the status of an afterthought." We have separated it from the road tunnel for technical reasons. In so doing we have included for a conventional ventilation system, with the fresh air and exhaust ducts located above and below the road section. The plant required for ventilation is conveniently positioned on both main islands and the central ventilation island.

Regarding closure figures which Mr Macdonald quotes, we can update his information with the fact that wind deflectors will now be fitted to the bridges, reducing closures times to less than 1 per cent a year, with very short restriction periods for empty high-sided vehicles and caravans. There is sufficient space at our Ashford, Cheriton and Farthingloe terminals to accommodate any backlog.

On the matter of speeds and transit times, our limits allow the link to be crossed in 30 minutes at our suggested speeds of 100 kph on the bridges, 50 kph on the transition spirals and 80 kph in the tunnel. Should Mr Macdonald wish to proceed at a more leisurely pace, he can comfortably cross EuroRoute in 40 minutes. This is faster than our main rival—and a lot faster than the ferries —because of their load/unload and waiting times. It may only be 35 km of water needing just over an hour to sail across but, adding all other operation requirements, means ferry passengers still have to estimate over 2½ hours quay-to-quay.

R. H. Sellier.
30-35 Pall Mall SW1.

Underselling an asset

From the General Secretary,
National and Local Government
Officers Association.

Sir,—Your excellent leader (November 11) posed a number of questions regarding the sale of British Gas that the Government is unable or unwilling to answer.

This union has been raising these very issues since the sale was first mooted. It is nothing more than a scurrilous attempt to finance temporary tax cuts before the next election by underselling a valuable, profitable and efficient national asset to the people who already own it.

That is why my union is calling for a public inquiry into this proposed privatisation exercise. No major review of the energy industry has ever been undertaken in the past without such an inquiry and indeed, it was a committee of inquiry in 1945 which advocated nationalisation of the gas industry.

NALGO wholeheartedly welcomes Roy Hattersley's unequivocal pledge, made at a London rally last week, that the next Labour Government will take the industry back into public ownership.

John D. Daly.
1, Mabledon Place WC1.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.00/9.25/9.50 Five Star acc.—instant access/no penalty 9.50 Higher interest account 30 days' notice or charge 5.50/8.81 Cheque-Save 9.05/9.50 "City" Cheque-Save
Aid to Thrift	*9.20	—	— * Easy withdrawal, no penalty
Alliance and Leicester	7.00	8.00	9.75 Premium Plus min. £500, immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly. 9.25 Gold Plus £2,500+, 8.75 minimum £500, immediate withdrawal, interest annually/monthly 8.75 Banksave Plus balance £2,500+, 7.75 under £2,500 current account minimum initial investment £500
Anglia	7.00	8.00	9.00 Instant Gold £250-£4,999. No notice/penalty 9.25 Instant Gold £5,000-£9,999. No notice/penalty 9.50 Instant Gold £10,000+. No notice/penalty
Barnsley	7.00	9.00	9.95 Summit account — £1,000+ — 3 months' notice 8.85 Special invest. (28 days' notice) 8.35 monthly inc. a/c
Bradford and Bingley	7.00	8.00	9.50 No notice no penalty on up to 2 withdrawals per annum 9.75 3 months' notice without penalty
Bristol and West	7.00	8.00	8.75 Plus account £1,000+. No notice. No penalty 9.55 £10,000+, 9.30 £5,000+, 9.05 £1,000 7-day notice Triple Bonus: Also monthly income 9.75 Special 3-month account, £5,000+, 3 months' notice
Britannia	7.00	8.00	9.50 60 days' notice
Cardiff	8.50	8.60	9.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	10.00 £2,000+ Jubilee Bond Monthly income. 90 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	8.00	9.35 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	9.75 Cheltenham Gold. No not/pen. £10,000+ 9.75. £5,000-£9,999 9.50. £500-£4,999 9.00. Under £500 7.00. Mly int.
Cheshunt	7.00	8.50	9.75 £20,000-£250,000. 9.25 £1,000-£19,999 inst. acc. no pen.
City of London (The)	7.25	8.75	9.00 3 months' notice—no penalty—monthly income 9.00 7 days' notice. Immed. access for amounts over £2,000
Coventry	7.00	8.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential 9.55 Moneymaker £10,000+, 9.30 £5,000+, 9.00 £1,000+ instant access no penalty, monthly income option
Derbyshire	7.00	8.25	9.75 3 months' notice. Up to 2.50 no not./pen. monthly int.
Frome Selwood	7.00	10.50	10.30 Somerset super plus £10,000 minimum. Monthly income
Gateway	7.00	8.00	9.55 Gold Star £10,000+. No notice. No penalties. 9.30 £5,000+. 9.00 £1,000+ monthly interest available
Greenwich	7.00	—	9.75 60-day account (no notice account 8.75-3.25)
Guardian	7.65	—	10.00 6 months' notice £1,000 min. access to bal. £10,000+
Halifax	7.00	8.00	9.50/9.00-8.50/8.00 Instant xtra (minimum £500) 9.50 90-day xtra 90 days' notice/no penalty (minimum £500) 9.00 Cardcash (£2,000+), 7.00 £1-£1,999)
Heart of England	7.00	8.25	9.80 and 9.55 High interest. 8.50 Gold Key
Hemel Hempstead	7.00	8.50	10.00 90 days, 9.00 60 days, 8.75 28 days
Hendon	8.00	—	9.00 7-day account. Minimum £500 3-month 9.75
Hinckley and Rugby	7.00	9.80	10.00 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Und. £10K. 10.25 ov. £10K man. a/c 6 w. + loss of int.
Leamington Spa	7.10	—	9.25 £20,000 min. Spa m. mly. no not./pen., 8.75 £5,000 min. 9.50 High flyer—no notice/no penalty £10,000 minimum 9.25 High flyer—£5,000 minimum, 9.00 £500 minimum 10.15 Super share no not., 14 days' penalty £20,000 minimum 9.85 Super share £5,000 minimum, 9.25 £2,000 minimum
Leeds and Holbeck	7.00	8.75	9.75 Monthly interest. 9.25 28 days' notice, 9.55 60 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	7.00	8.00	9.50 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 9.50 £10,000+. No penalty/no notice
London Permanent	7.75	—	9.00 28 days' notice or immed. wdl. no pen. if bal. £5,000+
Midshires	7.00	—	9.25 £500+ inst. acc./no pen. £100-£499 7 days' notice 9.50 3-yr. term, 2.50 gtd. £500-£1,000 M.I. 3 mths.' not./pen.
Mornington	9.10	—	9.10 £2K, 9.25 £2K+, 9.35 £10K+, 9.50 £20K+
National Counties	‡7.30	8.55	9.80 90 days' notice, no penalty £10,000+. ‡ £1,000
National and Provincial	7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty 9.50 Special share 60-day notice/penalty unless £10,000+ 9.50 Money man £5,000+. No notice, no penalty
Nationwide	7.00	—	9.00 Flexaccount cashlink £2,000+, 7.25 £25-£1,999 9.50 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+, 8.75 £500+, 8.00 £100+, no notice, no penalty 9.50 Capital Bonds 3 yrs., 2.5 gtd. diff. 90 days' not./pen.
Newcastle	7.00	8.25	9.50 (plus bonus) Two-Year Term, 9.25 7 days' notice. On demand by arrangement
Northern Rock	7.00	8.25	9.55 Moneyspinner plus £10,000 or more, instant access 9.30 Moneyspinner plus £5,000 or more, instant access 9.05 Moneyspinner plus £500 or more, instant access
Norwich	7.00	8.25	8.75 7-day/monthly income option 9.00 on £10,000+
Peckham	7.65	—	8.65/9.75 Immediate withdrwl. if over £2,000. Monthly income
Peterborough	7.00	8.30	9.75 Premium share penalty. Free access (8.95 under £10,000)
Portman	7.00	9.25	9.90 Gold seal. Min £1,000 1-yr. term then 3 months' notice 9.00 Flexi-plus. Minimum £500 no notice immediate withdwl.
Portsmouth	7.15	8.65	10.00 3-year. 9.80 90-day, 9.15 30-day. 8.70 7-day
Property Owners	7.50	9.00	8.85 Instant access minimum £500
Regency	7.00	—	9.35 Min. inv. £500. Balance over £5,000 9.55 1 month's not.
Scarborough	7.00	8.25	9.15-9.55 over 55s no notice/penalty Kit minimum £2,000
Skipton	7.00	8.25	9.70 Sovereign £5,000+, 9.25 £500-£4,999 monthly income 9.25 minimum investment £2,500 instant access no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00 9.75, 9.50, instant or notice
Sussex County	7.00	8.50	9.75 90 days, 9.50 monthly income, 9.25 instant access
Thrift	9.20	—	10.20 3-year term. Other accounts available
Town and Country	7.00	—	9.75 2-year term £10,000+ 9.50 £500-£9,999 wdrwl. available 9.80-8.75 Moneywise cheque/Visa. Interest varies with bal. 9.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	9.10	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	9.00 Prime £500+, 9.25 £5,000+, 9.50 £10,000+, no not./pen. 9.50 Capital. 90 days' notice/penalty. Minimum £500
Yorkshire	7.00	8.00	9.80 Plat. key £10,000+ wdl. no pen. —£10,000 60 d. nt./pn. 9.50 Classic Key Monthly income

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

JFB clearing path for dividends

BY MARTIN DICKSON

Johnson & Firth Brown, the troubled Sheffield metals and engineering group, last night announced plans for a capital reduction, which will enable it to resume dividend payments, and the writing down from £26m to just £1 of its investment in Sheffield Forgemasters, a loss-making joint venture with British Steel.

The package will greatly improve the group's financial position and will free its profit and loss account of Sheffield Forgemasters, which has long overshadowed JFB's otherwise improving performance. JFB's shares closed last night up 3p at 24p.

The capital reduction follows the sale of JFB's American subsidiary Cannon Muskegon, a leading manufacturer of exotic metal alloys, to SPS Technologies, a US company, for about £9.4m net. The assets are in the group's balance sheet at about £7.9m. JFB is also selling Richard Lloyd, a manufacturer of machine tool cutting tips, and certain of its subsidiaries, for about £2.34m.

The sale of Cannon will have a significant impact on the company's tax position. It estimated that profits for the year to September 30 totalled about £3.7m before tax and £2.7m after (and before deducting its share of Forgemasters' losses). If the proposed sales had been effected at the start of the year, its pre-tax profit would have been unchanged, but after tax profits would have been £3.4m.

The net proposals of the sales will be used to reduce group borrowings from £29.8m at the start of this month to around £18.4m. This will reduce gearing to around 80 per cent (though that includes £1.3m of loan stock not redeemable until at least 1993).

The capital reduction will eliminate the group's deficit on distributable reserves. JFB intends to pay off arrears of dividends on its preference shares in two instalments during the current year—when its interim and final results are announced. Thereafter, the preference dividends will be paid on their due dates in March and September.

Dividends on the ordinary shares will be resumed "as soon as profits justify." Directors hope the first will be approved at the February 1987 AGM.

Losses incurred by Forgemasters have no impact on JFB's cash flow, but until now the company has included the losses in its profit and loss account. Because of the write-down, this will no longer be the case.

As for their other businesses, JFB directors said they considered that the improved trading conditions of the last two years would be sustained

Hartwells £7.6m rights and profits ahead

Hartwells, the motor vehicle distributors that has been developing an important property wing, is making a one-for-four rights issue to raise £7.6m. Also announced yesterday were interims pre-tax profits of £2.72m, which compares with £2.52m in 1984.

The issue, of 11.62m shares, is being made at 68p a share and is fully underwritten by brokers de Zoete and Bevan. The trustees of the Hartwells Pension Fund, who are all members of the board, which currently holds 10.8 per cent of the equity, intend to take up their rights in full. The board also speaks for a further 6.4 per cent of the issued shares.

The only major outside shareholders are Byrom House Nominees (5.7 per cent) and M and G Investment Management (9.2 per cent).

According to the company the money raised will be used to reduce bank borrowings, to fund a £5.5m property development in Oxford and a £2.5m motor trading centre in Bristol. Debts have risen from the £3m, 9 per cent of shareholders' funds, at the year-end causing interest charges in the first half to almost double to £505,000 from £228,000 at the halfway mark in 1984.

Hartwells is paying a 0.88p interim dividend, up 22 per cent after taking into account the two for three scrip issue in July, and is forecasting—subject to no unforeseen circumstances — a total dividend for the year to February 1986 of 2.65p (compared with 2.3p fully adjusted). The new shares will rank equally for the final dividend proposed of at least 1.77p.

The company's development of its surplus properties has provided the major spur to its growth. In May a revaluation of the property portfolio produced a £11.3m surplus, valuing it in total at £30.6m and taking the net asset value per share up to 93p (adjusted for the July scrip issue). In the year to February rental income contributed £186,000 to trading profits.

The core activities are dealerships for Ford, under the Hartford trade name, and BL, under the Hartwell lable. These two franchises contributed 90 per cent of pre-tax profits in the last two years.

These activities are centred on the Oxfordshire and Lincoln areas but there are two shops in Bath and a Vauxhall dealership in Southampton. Finally in Lincolnshire there is a small agricultural machinery distributorship and a division distributing bulk fuel oil as an agent on BP's behalf.

The £3.22m interim pre-tax profits were made on a turnover of £131.9m (£109.8m). At the trading level profits were £3.22m (£2.75m). Tax paid was £680,000 (£630,000) leaving earnings per share of 4.47p (4.21p adjusted for scrip).

● comment

Hartwells' rationalisation of its property holdings is producing a useful second leg to a company previously heavily dependent on new car sales. Within three years rental income could be £1.5m and the intention is clearly to retain most sites for income and capital appreciation. Although to date these developments have been funded from cash flow the rate of expansion planned would have sharply increased interest charges, hence the rights issue. The nature of the usages planned for the sites—supermarkets, offices (in Oxford) and light industry seem sound enough. The company is forecasting that profits for 1985-1986 will surpass last year's £4.22m and brokers are looking for £5.5m. This has the shares *at 81p on a prospective multiple* of just over 9 (20 per cent tax charge). Hartwells' is not a company that often taps the market for cash and has expanded its equity base primarily with scrip issues. The net asset value per share at the year end should be around 87.5p. The rerating process should continue as the rent roll builds provided there is no sharp fall in new car demand—it would therefore seem churlish to say no.

Somic ahead and interim restored

Somic, the kraft paper spinner and weaver, raised pre-tax profits from £11,000 to £53,000 for the half year to September 30 1985. After a one year absence, the interim dividend is restored with a payment of 0.5p net—last year's final was 1.5p.

The company says higher interest rates have added extra costs during the last six months and have contributed to the pound strengthening against other currencies. This has led to difficulties in remaining competitive in export markets.

These factors combined with increased useage of material mainly associated with product development programmes, have resulted in margins falling below budget.

Sales for the half year rose slightly from £1.44m to £1.49m. Pre-tax profits included net income of £32,000 (£22,000) from rents. Tax took £16,000 (nil) and earnings per share were up from 0.556p to 1.868p.

There will be some initial costs in learning new manufacturing skills during the next few months, and the board does not expect a contribution to profits by Baronet before next year.

However, the existing Somic business is expected to maintain business during the second half.

There has been extra expenditure on improvements to buildings, both in terms of alterations and maintenance. Most of the planned work has been carried out and paid for and the level of spending will be reduced in the remaining six months.

Clyde Blowers improvement

Clyde Blowers, maker of steam and soot blowing equipment, lifted pre-tax profits from £69,000 to £218,000 for the year ended August 31 1985, on lower turnover of £3.38m, against £3.56m.

After tax of £33,000 (£55,000 credit) earnings per 25p share were up from 12.5p to 18.6p. The dividend is unchanged at 6.82p net with a final of 5.99315p (same).

Pre-tax results included investment income of £188,000

Polly Peck shares drop as forecast is reduced

By Charles Batchelor

SHARES in Polly Peck International, the fruit packing, electronics and water bottling company headed by Mr Asil Nadir, plunged 52p to 173p on the stock market yesterday after L. Messel, the company's stockbrokers, reduced its profits forecast for the year ended September 1985.

The 23 per cent drop in the share price to a new 1985 low wiped £54m off Polly Peck's market capitalisation, reducing it to £178m. It prompted a statement from the company that it would still achieve substantial profits growth in the year just ended.

Mr Peter Jones, an analyst with Messel, said he was revising his profits forecast for the group from £82m to between £68m and £85m. Polly Peck had disclosed to him that currency movements, notably the recent weakness of the dollar, had had an adverse impact on trading.

Polly Peck made a pre-tax profit of £50.55m on turnover of £137.2m in its previous full year ended September 1984. In the first six months of the 1984-85 year profits rose 32 per cent to £28.2m on turnover 41 per cent higher at £82.8m.

Mr Jones said: "My revised profits forecast figure is a stab because there is no way you can analyse the currency movements. I am reasonably confident though that profits will not be below my minimum figure."

Polly Peck said that its performance, in common with that of many other companies, had been affected by currency factors and would not be up to best expectations. The overall performance of the group had been and continued to be highly satisfactory however, it added. It will announce preliminary 1984-85 figures on December 2.

Mr Mark Ellis, joint managing director, commented: "We hedge currency risks but we have not got it absolutely right. We are dealing in 20 currencies and there are risks. We are not talking about losses although our margins have been eroded by currency movements."

Polly Peck has strengthened its systems and staffs involved in treasury controls and is taking better and closer advice, he added.

Saatchi in approach to Grandfield

By Martin Dickson

Saatchi and Saatchi, Britain's biggest advertising agency, has made a takeover approach to Grandfield Rorke Collins Communications, the privately-owned advertising and public relations company.

No firm figures yet appear to have been discussed, but the GRC group has annual billings of over £76m and a staff of 299.

GRC Communications, the holding company, has eight shareholders and owns 100 per cent of the group's advertising subsidiary GRC Limited. However, in the other two subsidiaries—Grauard, a consumer public relations business, and GRC Financial, a City public relations firm, some 49 per cent of the equity is held by staff.

This could complicate negotiations, for staff at GRC Financial are wary of a link-up with Saatchi.

"We are considering our position and taking advice," said Mr Anthony Cardew, deputy chief executive of GRC Financial, last night. "We have a good client list and don't necessarily want to be part of a great omnivorous Saatchi." But he added that there had as yet been no face-to-face discussions with Saatchi.

Saatchi has long been keen to acquire a UK public relations group with City links and over the years has held discussions with many leading companies.

Hargreaves purchase

Hargreaves Group has bought Chemical Vessel Services for £1.73m, to be satisfied by the issue of 414,594 ordinary 20p Hargreaves shares, an immediate cash payment of £1.03m and further cash payments in 1986 of £205,000.

Chemical Vessel Services, based in South Humberside, is engaged in specialist industrial services and pneumatic materials handling. It had total assets, less liabilities, of £588,778 at June 30, 1985.

Exco asks stockbroker to resign after share sale

BY CHARLES BATCHELOR

Exco International, the money broking group, yesterday asked its joint stockbrokers de Zoete & Bevan to resign following the sale of a 22.2 per cent holding in its shares to a wealthy Malaysian hotel and property owner, Tan Sri Khoo Teck Puat.

De Zoete's arranged the placing of the 22.2 per cent holding with the Kuwait Investment Office (KIO) on Wednesday on behalf of its previous owner, British & Commonwealth Shipping (B & C).

Within less than 24 hours, the stake had been sold on at a higher price to Tan Sri Khoo despite the apparent understanding of both Exco and B & C that the KIO would be a long term holder of the shares.

Mr Bill Matthews, managing director of Exco, said: "de Zoete are no longer our brokers. We have invited them to resign."

Mr Simon de Zoete, a partner in the stockbrokers, commented: "They have asked us to resign as their brokers but we have not adhered to their request. It was made to our senior partner Mr Jim Titcomb. He will be away until late on Tuesday.

"If you do a placing of shares it is up to the client who buys them what he does with them. It is out of our control."

Mr de Zoete said he had been surprised at the resale of the shares by the KIO. He added that no guarantee had been given that the shares would be held for any length of time though he had expected them to be held for longer than they were.

Grieveson Grant remain sole brokers to Exco.

Mr Matthews said he had spoken on the telephone yesterday to Tan Sri Khoo and the exchange had been "entirely friendly." Tan Sri Khoo is due to fly to London for talks with the Exco board at the end of next week.

In Singapore the Malaysian businessman said: "I've purchased the shareholding for the long term. I look forward to a good working relationship with the existing management."

See Lex

CPU Computers misses forecast

CPU Computers, one of the troubled electrical stocks, has failed to meet a profits forecast largely due to substantial increases in provisions for stock and debtor balances.

Mr Tom Fitzpatrick, the joint chairman who had forecast an improvement over a breakeven first half, yesterday revealed that the group swung from a profit of nearly £2m to a pre-tax loss of £447,000 for the year to July 5 1985.

CPU's shares, which were 3p higher at 22p prior to the announcement, closed unchanged at 20p, their low point for 1985 and considerably below last year's high of 230p. There is no dividend.

CPU has also been hit by a fall in turnover from £22.88m to £17.59m which, together with lower margins, resulted in a 51 per cent decline in operating profits from £2.43m to £1.18m.

The increase in exceptional provisions, from £357,000 to just over £1.1m, arose from retailers' difficulty in accurately forecasting product uptake because of "serious fluctuations in demand," says CPU.

In addition, the financial benefit from the settlement of the Shugart distribution contract dispute in West Germany failed to meet costs incurred. Further provisions had to be made following the unexpected withdrawal of Shugart from volume participation in the disk market.

CPU also incurred extraordinary costs of £1.32m, against £283,000, giving a retained loss of £1.44m compared with a profit of £577,000 in 1983-84.

Besides Shugart, a subsidiary, LSI Computers, provided against costs of restructuring its franchise network and terminated activities of ancillaries.

UK costs have been reduced and borrowings have been cut by using the £2m accrued from the divestment of LSI Computer ancillaries systems field maintenance operations to the DDT Group shortly after the year end.

CPU says borrowings are now at a manageable level of £0.5m and adds that between July and September, traditionally the quietest period, profits in excess of £100,000 pre-tax were achieved.

● comment

Yesterday's figures from CPU, complete with exceptional and extraordinary charges, stand in stark contrast to the expressions of confidence from the directors last March. Though, to judge by the halving of the share price since then, the market appears to have had a better grasp of the difficulties the company faced than its directors showed three months before the year end. The sale of LSI's maintenance division last July, injecting £2m, came to the rescue of the balance sheet though it looked a better deal for DDT, the purchaser, than it did for CPU—but that is often the way when the pressure is on to raise cash. The first quarter of the current year has made a £100,000 profit but in all fairness after the write-downs of last year it would be worrying if CPU was still losing money and perhaps judgment on future profitability should not be rushed into yet. The shares, now a shadow of their former selves, are definitely not for widows and orphans.

Millward places 1.25m shares

BY RICHARD TOMKINS

Millward Brown, a market research agency, is coming to the Unlisted Securities Market through a placing of 1.25m shares at 160p each. This will raise £2m, of which £1.6m will be new money for the company and £400,000 will go to the directors.

Simon & Coates are brokers to the issue which will put 31 per cent of the enlarged share capital in the hands of subscribers and give the company a market capitalisation of £6.61m. Dealings begin on November 25.

The company was founded in 1973 when Mr Maurice Millward and Mr Gordon Brown, now joint managing directors, left General Foods to set up a market research partnership. It began by evaluating new products for food and toiletries manufacturers but now checks consumer responses to a broad range of products.

About half of turnover comes from advertising tracking studies. These help clients examine the effectiveness of their advertising by monitoring consumer responses and the resultant changes in behaviour and attitudes.

Millward Brown also tests products, pre-tests advertisements to assess effectiveness, and undertakes usage and attitude surveys to collect data on consumer attitudes.

Pre-tax profits have grown from £221,000 in 1980 to £505,000 in the year to last March on turnover up from £1.37m to £5.18m. The company says a tightening of cost control and the introduction of an incentive bonus scheme will lead to higher margins. It is forecasting profits this year of £873,000, putting the shares on a prospective p/e ratio of 18.4 after an estimated 40 per cent tax charge.

Millward Brown expects substantial growth in all main activities but particularly in tracking studies, a field of research which it dominates. It is also planning expansion overseas.

The placing is partly intended to provide greater opportunities for expansion

Barton Transport profits affected by poor summer

THE POOR summer weather has affected Barton Transport, the Nottingham-based coach operator, which has reported lower pre-tax profits of £305,000 for the year to September 28 1985, compared with £393,000.

At the interim stage, when profits fell from £153,152 to £51,253, Mr T. H. Barton, the chairman, blamed increases in fuel and bank interest charges. Although since then the price of fuel has declined to around its former level, bank interest has not followed the same pattern, he says.

Turnover for the year improved by £155,000 to £8.13m, and yielded a gross profit of £1.38m (£1.44m). Other operating income added £302,000 (£342,000), but the share from the associate, South Notts Bus Co was reduced by £4,357 to £19,211, after also bearing increased fuel and other costs.

Fixed investment income added £9,000 (£8,000), there were similar administrative expenses of £1.4m (£1.15m) and interest payments were £10,000 down at £263,000.

The single final dividend is raised by 2p to 18p per 100p deferred share. Stated net earnings are down from 58.32p to 40.52p and on a nil basis from 63.43p to 45.91p.

The Government still intends to deregulate stage carriage services despite opposition, the chairman says. It is not possible to assess the effect this will have on the company's services as there are still many uncertainties.

However, the board considers that the action taken in the past few years to reduce costs will enable the company to face any competition and to strengthen and expand services where the need arises.

Redundancy and disturbance costs of £13,000 (£43,000) have been treated as exceptional items. After tax of £86,000 (£52,000) and a £23,000 profit last time from the sale of freehold property, attributable profits emerged £111,000 lower at £209,000.

Acsis Jewellery

Increased pre-tax losses of £348,000 have been incurred by Acsis Jewellery in the half year to July 31 1985, against £160,000 previously, and the directors of this USM-quoted company say a thorough review of strategy is under way to secure the longer term growth of the business.

Turnover was reduced at £1.46m (£1.72m) partly reflecting the seasonality of the jewellery trade, and also the previous closure of parts of the business.

The directors are declaring a nominal 0.001p dividend (same). Losses per 10p share rose from 2.96p to 6.44p.

R. Smallshaw downturn

A shortage of orders at the beginning of the year and subsequent lower margins were responsible for a drop in first-half 1985 profits at R. Smallshaw (Knitwear), maker of knitted outerwear and dyer of knitted garments.

Pre-tax profits fell from £150,000 to £135,000, on an increased turnover of £4.46m, against £4.24m. However, the company says the second half will be much improved and profits for the full year should be ahead of last year's £310,000.

After lower tax of £56,000 (£69,500) net profits were marginally reduced to £79,000, against £80,500. Stated earnings per 10p share slipped from 3.32p to 3.16p, while the interim dividend is maintained at 0.75p net—last year's final was 1.75p.

Black Arrow advances to £736,000

Black Arrow Group continued its progress in the half year to September 30 1985 with pre-tax profits up 25 per cent from £590,000 to £736,000.

The board is confident of further profits growth and is raising the interim dividend from 1.5p to 1.75p net—last year's total was 4.2p on record £1.32m taxable profits.

After tax of £294,000 (restated £241,000) net profits were ahead from £349,000 to £442,000, for stated earnings per 50p share of 6.6p, against 5.25p.

Sales and leasing turnover rose 41 per cent from £4.22m to £5.97m.

SPP allocation

A TOTAL of 3,002 applications were received for 19.87m SPP shares, about three times the number of shares offered for sale.

Applications from employees amounting to 82 in respect of 75,500 shares were received and will be allotted in full while the basis of allotment for the balance will be as follows:

Up to 1,400 shares—allotted in full; over 1,400 and up to 4,000 shares—1,500 shares; over 4,000 and up to 5,500 shares—2,000 shares; over 5,500 and up to 7,500 shares—2,500 shares; over 7,500 and up to 500,000 shares—approximately 36 per cent of amount applied for; over 500,000 shares—200,000 shares.

It is expected that letters of acceptance to successful applicants will be posted on November 19.

F. S. Ratcliffe

F. S. Ratcliffe Industries, the precision spring manufacturer and painting contractor, incurred higher taxable losses of £103,000, against £68,000, for the year to end-April 1985.

Loss per 25p share was 12.89p (7.31p). No dividends have been paid since 1980.

Higher costs hit S & U Stores

S & U Stores, the retail consumer credit group, raised turnover from £16.92m to £17.71m in the half year to July 31 1985.

But this was not enough to offset higher costs and pre-tax profits declined by £76,888 to £353,361.

Mr Derek Coombs, the chairman, says an increase in turnover and cost reductions since the end of July suggest that the outcome for the year as a whole will be very similar to last year (£761,000 pre-tax), without the extraordinary item of £219,000 largely represented by the closure of a manufacturing unit.

He says the outlook, if current trends continue, is optimistic for 1986.

The preference dividends on both classes of preference shares are being paid on the due dates, but no ordinary dividend is declared—none has been paid since 1976.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Fri Nov 15 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thurs Nov 14 Index No.	Wed Nov 13 Index No.	Tues Nov 12 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (207)	562.99	+0.6	10.25	4.05	12.22	14.28	559.36	563.25	557.96	546.73	577.15	22/1	483.30	25/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	631.71	+0.2	10.39	4.25	11.99	15.38	630.40	631.78	623.80	515.51	631.78	13/11	472.11	26/2	631.78	13/11/85	44.27	11/12/74
3	Contracting, Construction (28)	947.82	+0.1	10.30	4.48	12.51	28.20	946.78	950.21	946.62	721.98	963.49	30/10	604.17	8/3	963.49	30/10/85	71.48	2/12/74
4	Electricals (13)	1575.94	+0.3	9.51	4.79	13.40	49.94	1571.55	1570.01	1559.98	1592.36	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (39)	1307.40	+2.4	11.71	3.46	11.27	31.22	1276.74	1289.63	1277.43	1957.48	1977.60	9/1	1229.01	8/10	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	327.06	−0.1	10.45	4.44	11.59	8.77	327.37	327.68	325.58	266.62	327.68	13/11	263.85	25/7	327.68	13/11/85	45.43	5/1/75
8	Metals and Metal Forming (7)	235.32	+0.3	9.29	6.79	12.96	6.83	234.62	232.98	231.33	164.32	235.32	15/11	165.88	14/1	235.32	15/11/85	49.65	6/1/75
9	Motors (17)	201.54	+0.3	12.42	4.36	9.70	5.02	200.88	202.15	200.40	136.81	202.15	13/11	142.57	3/1	202.15	13/11/85	19.91	6/1/75
10	Other Industrial Materials (20)	1025.81	−0.1	7.29	3.52	16.46	23.96	1027.13	1045.74	1032.21	768.46	1045.74	13/11	828.60	3/1	1045.74	13/11/85	277.55	15/1/81
21	CONSUMER GROUP (177)	759.21	+0.6	8.52	3.55	14.72	16.35	754.97	758.37	749.19	576.27	759.65	6/11	604.96	3/1	759.65	6/11/85	61.41	13/12/74
22	Brewers and Distillers (23)	792.56	+0.1	8.69	3.65	14.62	13.92	791.92	798.81	782.61	546.51	792.56	15/11	550.86	3/1	792.56	15/11/85	69.47	13/12/74
25	Food Manufacturing (22)	544.13	—	10.93	4.52	11.79	15.55	543.86	545.75	542.86	454.43	553.71	5/11	471.62	25/7	553.71	5/11/85	59.67	11/12/74
26	Food Retailing (14)	1732.75	+1.5	6.05	2.49	22.47	23.60	1707.89	1715.70	1712.33	1345.62	1732.75	15/11	1400.36	1/3	1732.75	15/11/85	54.25	11/12/74
27	Health and Household Products (9)	1155.01	+0.1	6.63	2.84	17.70	18.90	1153.75	1166.09	1144.99	948.29	1177.53	4/11	980.65	11/4	1177.53	4/11/85	175.38	28/5/80
29	Leisure (24)	758.77	—	7.56	4.35	17.35	23.43	758.78	763.16	746.28	631.48	763.16	13/11	590.69	12/7	763.16	13/11/85	54.83	9/1/75
32	Newspapers, Publishing (11)	1888.71	−0.2	7.16	5.16	17.66	57.69	1892.35	1898.22	1876.63	1336.54	1924.08	1/11	1445.15	3/1	1924.08	1/11/85	55.08	6/1/75
33	Packaging and Paper (13)	372.83	+0.2	9.72	4.17	12.28	9.30	372.03	375.03	368.45	265.69	377.13	9/9	286.36	3/1	377.13	9/9/85	43.46	6/1/75
34	Stores (42)	799.23	+1.8	6.56	2.71	20.69	14.09	785.19	789.57	778.00	529.51	799.23	15/11	529.47	19/2	799.23	15/11/85	52.63	6/1/75
35	Textiles (16)	364.88	−0.7	11.90	4.59	9.56	9.67	367.39	370.44	364.93	291.19	371.13	8/11	293.07	3/1	371.13	8/11/85	62.66	11/12/74
36	Tobaccos (3)	822.05	−0.5	16.39	5.46	6.95	30.77	825.88	827.17	819.53	741.05	1010.69	8/2	714.72	26/9	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (98)	719.26	+0.5	8.89	3.98	14.55	15.61	715.84	720.02	714.59	584.49	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (18)	711.76	+0.7	13.87	5.36	9.53	26.47	707.09	715.49	699.12	655.02	832.26	22/2	645.96	26/9	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	223.31	−0.3	7.13	3.92	16.72	6.20	224.08	228.75	227.08	144.72	230.66	6/11	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (11)	1365.81	+0.1	7.21	3.98	17.03	39.79	1364.62	1373.39	1362.42	911.78	1378.83	30/10	958.08	3/1	1378.83	30/10/85	90.80	29/6/62
46	Miscellaneous (63)	900.41	+0.2	7.16	3.63	17.17	15.89	898.63	901.80	900.77	712.10	904.29	11/11	787.88	26/7	904.29	11/11/85	60.39	6/7/75
48	Telephone Networks (2)	901.98	+0.7	8.24	3.60	16.18	14.38	895.57	898.78	894.37	0.0	935.70	30/8	701.92	3/1	935.70	30/8/85	517.92	30/11/84
49	INDUSTRIAL GROUP (482)	704.80	+0.6	9.03	3.79	13.99	15.86	700.87	704.68	697.45	561.86	704.80	15/11	599.75	3/1	704.80	15/11/85	59.01	13/12/74
51	Oils (18)	1165.82	+2.0	16.13	7.51	7.60	60.66	1143.01	1134.51	1130.36	1095.67	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	744.09	+0.7	9.90	4.24	12.68	19.45	738.67	741.69	734.51	606.46	744.09	15/11	636.98	3/1	744.09	15/11/85	63.49	13/12/74
61	FINANCIAL GROUP (116)	535.00	+0.9	—	4.52	—	15.79	530.03	531.97	526.70	405.72	535.00	15/11	430.10	4/1	535.00	15/11/85	55.88	13/12/74
62	Banks (6)	543.43	+1.0	16.49	5.45	8.67	20.18	537.90	544.27	537.20	404.32	544.27	13/11	420.58	15/4	544.27	13/11/85	62.44	12/12/74
65	Insurance (Life) (9)	815.80	+1.3	—	4.17	—	23.40	805.57	808.11	792.21	531.73	815.80	15/11	580.95	4/1	815.80	15/11/85	44.88	2/1/75
66	Insurance (Composite) (7)	418.00	+1.8	—	4.71	—	13.06	410.47	406.07	398.15	300.45	418.00	15/11	303.16	25/2	418.00	15/11/85	43.96	13/12/74
67	Insurance (Brokers) (8)	1203.11	−0.5	6.98	3.57	19.17	29.71	1209.70	1221.17	1225.56	833.33	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	289.06	+2.0	—	3.56	—	5.80	283.43	284.85	286.40	207.19	289.06	15/11	220.65	3/1	289.06	15/11/85	31.21	7/1/75
69	Property (51)	697.38	+0.4	5.40	3.51	24.86	13.64	694.59	699.58	694.79	623.63	699.58	13/11	585.78	10/7	699.58	13/11/85	56.01	20/4/65
70	Other Financial (24)	310.19	+0.2	9.90	5.40	12.45	11.10	309.69	308.44	311.16	248.14	312.36	11/11	261.32	26/7	312.36	11/11/85	33.29	17/12/74
71	Investment Trusts (106)	642.31	—	—	3.36	—	13.47	641.97	642.29	637.00	548.76	642.31	15/11	557.78	31/7	642.31	15/11/85	71.12	13/12/74
81	Mining Finance (3)	259.21	+0.6	12.91	5.99	9.02	10.48	257.55	259.32	255.32	290.72	311.08	15/4	240.20	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	565.15	−3.1	13.78	7.07	8.63	28.59	583.13	589.88	588.91	586.23	687.15	22/1	562.27	15/10	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (739)	682.04	+0.7	—	4.29	—	18.26	677.29	679.96	673.48	554.83	682.04	15/11	581.88	3/1	682.04	15/11/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Nov 14	Nov 13	Nov 12	Nov 11	Nov 8	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1403.9	+12.2	1403.9	1390.4	1391.7	1396.9	1381.6	1375.5	1390.1	1173.5	1403.9	15/11	1206.1	3/1	1403.9	15/11/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 15	Day's change %	Thurs Nov 14	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.67	+0.06	118.60	—	10.54
2	5-15 years	131.98	+0.19	131.74	—	11.87
3	Over 15 years	136.83	+0.17	136.60	—	11.77
4	Irredeemables	248.36	+0.30	247.92	—	13.34
5	All stocks	129.81	+0.14	129.62	—	11.52
6	Debentures & Loans	111.03	−0.39	111.47	—	11.08
7	Preference	82.09	−0.15	82.21	—	6.27
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	109.39	+0.01	109.37	—	2.69

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 15	Thurs Nov 14	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	10.04	10.04	10.36	11.56	28/1	9.75	18/10
2	Coupons	15 years	10.31	10.33	10.12	11.20	28/1	9.98	18/10
3		25 years	10.33	10.35	9.73	10.72	29/1	10.00	18/10
4	Medium	5 years	10.93	10.94	10.75	12.39	28/1	10.58	4/10
5	Coupons	15 years	10.67	10.69	10.51	11.63	28/1	10.30	18/10
6		25 years	10.33	10.34	9.93	10.97	29/1	9.96	18/10
7	High	5 years	11.04	11.05	10.79	12.53	28/1	10.65	4/10
8	Coupons	15 years	10.84	10.85	10.67	11.76	28/1	10.43	18/10
9		25 years	10.51	10.51	10.05	11.03	29/1	10.09	29/7
10	Irredeemables	†	9.86	9.88	9.58	10.49	28/1	9.58	18/10
11	Debs &	5 years	11.34	11.29	11.57	12.63	29/1	11.06	10/10
12	Loans	15 years	11.34	11.29	11.51	12.37	29/1	11.04	21/10
13		25 years	11.34	11.29	11.45	12.37	29/1	10.99	21/10
14	Preference	†	11.82	11.80	12.75	13.14	29/1	11.73	25/10
15	Inflation rate	5%	3.71	3.72	3.41	3.72	16/7	3.11	11/3
16		10%	3.51	3.55	3.21	3.55	14/11	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Scottish Northern Inv Tst (71) has been deleted and replaced by Steel Burrill Jones (67). International City Hldgs (70) has been inserted but no deletion. NAME CHANGE: Mills and Allen Intl has changed its name to MAI. DEBENTURES & LOANS: Mansfield Brewery 11½% 2010 Peachey Properties 10¾% 2015, Haslemere Estates 10½% 2016 and Brixton Estates 10¼% 2025 have all been inserted.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Barton Transport		18	—	16	18	16
Bellway		4	Jan 17	4	7	7
Black Arrow	int	1.75	Jan 2	1.5	—	4.2
Clyde Blowers		5.99	Jan 6	5.99	6.82	6.82
CPU Computers‡		nil	—	0.9	nil	1.4
Delyn Packaging	int	1	Nov 26	1	—	2.5
Hartwells	¶ int	0.88	Jan 31	0.72*	—	2.3*
R. Smallshaw	int	0.75	Jan 2	0.75	—	2.5
Somic	int	0.5	—	nil	—	1.5

Dividends shown in pence per share except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Final of 1.77p forecast on increased capital.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]								

TOTAL VOLUME IN CONTRACTS: 37,231

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS Jan.	Apr.	July	PUTS Jan.	Apr.	July
[illegible]							

Option		CALLS Nov.	Feb.	May	PUTS Nov.	Feb.	May
[illegible]							

Option		CALLS Dec.	Mar.	June	PUTS Dec.	Mar.	June
[illegible]							

November 15 Total contracts 12,965 Calls 10,425 Puts 2,560

*Underlying security price

Record year for securities houses

BY YOKO SHIBATA IN TOKYO

COMBINED pre-tax profits of Japan's four securities houses Nomura, Daiwa, Nikko and Yamaichi surged 56 per cent to Y549bn ($2.7bn) in the year to September, with each showing record earnings.

Nomura Securities, the largest, raised its dividend by Y0.50 to pay Y8, while the others increased their payouts by Y1 each to pay Y7.50 for the year.

The performance reflected active trading by institutions in stock and bond markets.

Nomura became the first Japanese financial institution to register pre-tax profits of more than Y200bn. The other three brokers also lifted their pre-tax earnings above the Y100bn mark.

The major contributor to the earnings improvement was gains from bond dealings. Bond volume on the Tokyo over-the-counter market grew to more than Y170,000bn, as commercial banks received clearance for fuller participation, and combined profits for the four brokers from these transactions reached Y176.1bn, or some 2.2 times the level of the previous fiscal year.

The result was also assisted by strong demand for US government bonds and other foreign issues, which provided about 40 per cent of the earnings from bond dealings, or some Y70bn. A doubling in trading of convertible corporate bonds also lifted commission revenue substantially.

Commission revenue from equities grew a relatively modest 20 per cent, affected by the reduction of fees on large-lot stock dealings from April 15. Reflecting activities in investment trust funds, each securities house managed to reduce its dependence on stock trading—to less than 50 per cent for Nomura and Yamaichi.

For the current year, however, the four expect a negative impact from the collapse of the bond market on October 25 and the Bank of Japan's perceived policy to guide short-term interest rates higher.

The brokers expected trading in stocks and bonds to maintain the level of the previous year. Higher capital outlays for a computer network programme are intended to be recouped by a larger surplus on foreign exchange and other financial gains. The combined total of pre-tax profits is expected to increase by 2 per cent to Y560bn.

JAPAN'S BIG FOUR SECURITIES HOUSES

Parent company results for year to Sept 85 (Sept 84)

	Sales (Ybn)		Pre-tax profits (Ybn)		Net profits (Ybn)	
Nomura	516	(396)	210.20	(135.16)	85.45	(64.40)
Daiwa	334	(248)	122.90	(78.57)	51.32	(34.36)
Nikko	306	(234)	112.47	(72.75)	47.25	(32.91)
Yamaichi	296	(214)	103.47	(66.46)	40.86	(27.90)

Three more flotations planned in Singapore

BY CHRIS SHERWELL IN SINGAPORE

THREE Singapore companies are seeking official approval to float their shares on the local stock market in the wake of the much-publicised share offer by Singapore International Airlines (SIA).

They are Singatronics, an electronics-based company, Baker Marine, an oil rig group where a first application was rejected in April 1984, and Wah Chang International, an engineering, construction and property group.

If Securities Industry Council approval comes through quickly, the share offers could be made by Christmas.

Some bankers fear that the S$500m (US$236.5m) airline issue due to start trading in December will draw too much money from elsewhere in the market, which has been weak all year. Others argue that the SIA offer will attract extra money and, with the other issues, provide a much-needed boost.

If its application is successful, Singatronics would be the first electronics-based company to be quoted in Singapore. Apart from assembling items like computer boards, it makes blood pressure monitoring kits for use at home.

Baker Marine's offer of S$44m-worth of shares last year was believed to have been rejected because the company was a year short of the five-year "track record" demanded by Singapore's listing rules. A fresh application has long been expected.

Wah Chang's interests are the most diverse of the three. Its geographical spread includes China, Thailand, Malaysia, Hong Kong and Taiwan as well as Singapore.

Wah Chang is being advised by Singapore International Merchant Bankers, a joint venture between Schroders of London and Oversea-Chinese Banking Corporation. Singatronics and Baker Marine are each advised by Morgan Grenfell.

Philips heads for lower profit

BY LAURA RAUN IN AMSTERDAM

MR WISSE DEKKER, president of Philips, confirmed yesterday that the Dutch electronics group's profits would fall during the fourth quarter.

The company has already forecast that full-year earnings would slip from the Fl 1.1bn ($374m) earned last year, largely because of big losses at Signetics, Philips' US chip subsidiary. The weak US activities, including the prominent audio-video business, left net income 22 per cent lower at Fl 611m in the first nine months.

Mr Dekker was speaking in New York as part of a presentation for an offering of 8.75m shares, worth $160m at Thursday's closing price on the Nasdaq over-the-counter market. American investors, who own about 18 per cent of Philips' stock, had bid up the o-t-c price by about $2 to $18⅜ since the new issue was announced on November 6.

Philips, Europe's largest electronics concern, hopes to double or treble its earnings to between Fl 2.7bn and Fl 3.6bn by the early 1990s, Mr Dekker noted. By that time profitability should rise to between 3 per cent and 4 per cent although it slumped to 1.2 per cent in the first nine months. Mr Dekker predicted that the ratio of net income to sales would start improving this quarter and continue next year.

The home audio-video division recorded operating losses of Fl 181m in the first nine months compared with full-year losses of Fl 416m in 1984, said Mr Dekker, who will retire as president next year.

Operating income in the industrial supplies division plunged to Fl 108m in the first nine months from Fl 1.2 bn in all of, last year. Industrial supplies have been the sole reason for the overall drop in operating profit.

Hyundai to build cars in Canada

By Robert Gibbens in Montreal

HYUNDAI OF South Korea is to build a C$300m (US$218m) small car assembly plant at Bromont, near Montreal, with a target capacity of 100,000 units a year.

The plant will assemble a new model for the Canadian and later the north-east US market. Government aid will amount to nearly one-third of the capital cost.

It will be Hyundai's first North American assembly plant. Hyundai moved into Canada in January 1984 and this year has beaten Honda of Japan as the top importer. In the first 10 months Hyundai sales in Canada totalled 66,804 units, against Honda's 51,373.

Hyundai is now preparing to enter the US market in January setting up its dealer network using the experience gained in Canada.

Honda is already building a small assembly plant near Toronto, while Toyota, the third largest importer into Canada, is committed to build a plant, probably in Ontario.

Biogen posts further loss

By John Wicks in Zurich

BIOGEN, the biotechnology company based in Geneva and Massachusetts, reports a net loss of $12.6m for the first nine months of this year, against a loss of $10.9m for the same period of 1984.

Revenues dropped over the year from $22m to $17.25m.

Nine-month earnings at Boliden decline 50%

BY DAVID BROWN IN STOCKHOLM

BOLIDEN, the Swedish metals, minerals and chemicals group, reports its earnings before appropriations and taxes fell by more than 50 per cent in the first nine months ending September to SKr 120m ($15.3m) despite a sharp improvement in net financial costs.

Demand and prices for copper, zinc, and particularly silver continued to deteriorate on world metal markets in the third quarter, while earnings in the chemicals and minerals trading divisions also declined.

Turnover fell by SKr 18m to SKr 4.43bn, while costs rose by SKr 160m, in part because of the effects of a strike in Sweden, as well as harsh winter conditions.

The operating result after depreciation was SKr 140m, down from SKr 328m in the same period a year earlier.

Net financial costs declined by SKr 84m, helped by the sale of shareholdings, while last year's extraordinary income of SKr 24m gave way to a small SKr 2m loss in 1985. The pre-tax result of SKr 120m compares with SKr 250m a year earlier.

The group is negotiating the sale of Gruvkraft, its hydro-power concern.

Atlas Copco advances strongly after reshape

BY OUR STOCKHOLM STAFF

ATLAS COPCO, the Swedish industrial, mining and construction equipment group boosted nine month earnings by 51 per cent to SKr 545m ($69.6m). The improvement came on the back of a strong upswing in most of its main markets and follows an extensive restructuring.

Turnoved was 14 per cent ahead to SKr 7.3bn—92 per cent of which was generated outside Sweden—while costs rose by 12 per cent. Operating results after depreciation, improved by 34 per cent to SKr 742m.

Extraordinary income of SKr 78m lifted the pre-tax profit to SKr 623m, up from SKr 379m in the same period a year earlier.

The group's market share has improved in the mining sector, while high industrial investment especially in Western Europe, has led to higher sales of compressors, tools and automation components. Demand in the construction sector remains weak, however.

In the Airpower division, sales climbed 15 per cent to SKr 3.45bn, with the improved demand for compressors

Molson hit by labour problems

By Our Montreal Correspondent

EARNINGS at Molson Companies, Canada's second largest brewer with extensive industrial and retail interests, fell to C$32.6m (US$23.6m), or C$1.13 a share in the first half ended September, from C$44.4m or C$1.55 a year earlier. Revenues were C$1.05m compared with C$1.03m.

The company said that brewing profits remained well below the year-ago level partly due to labour problems. However, operating profits at Diversey, a subsidiary, were up 21 per cent

Molson expects that full-year earnings will be below fiscal 1985.

US QUARTERLIES

ALEXANDER & ALEXANDER
Insurance broking

Third quarter	1985 $	1984 $
Revenue	236.2m	201.8m
Net profits	1.6m	8.9m
Net per share	0.04	0.24
Nine months		
Revenue	673.8m	583.2m
Net profits	22.1m	16.3m
Net per share	0.59	0.45

ANDERSON CLAYTON
Food group

First quarter	1985-86 $	1984-85 $
Revenue	373.3m	444.7m
Net profits	3.0m	2.0m
Net per share	0.24	0.16

CAMPBELL SOUP
Largest US soup maker; convenience foods

First quarter	1985-86 $	1984-85 $
Revenue	1,07bn	998.8m
Net profits	51.8m	46.6m
Net per share	0.80	0.72

TOSCO
Diversified energy company

Third quarter	1985 $	1984 $
Revenue	343.7m	496.7m
Net profits	5.7m	†26.6m
Net per share	0.28	†1.21
Nine months		
Revenue	1.17bn	1.43bn
Net profits	†724,000	†57.1m
Net per share	†0.03	†2.85

† Loss

UNITED BRANDS
Food processing

Second quarter	1985-86 $	1984-85 $
Revenue	718.3m	764.2m
Net profits	3.4m	†1.3m
Net per share	0.19	†0.14
Six months		
Revenue	1.54bn	1.62bn
Net profits	23.8m	9.8m
Net per share	1.47	0.68

† Loss

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	128	−3	6.6	5.2	7.1	8.5
151	132	Ass. Brit. Ind. CULS	132	−3	10.0	7.5	—	—
77	43	Airsprung Group	59	—	6.4	10.8	9.8	12.8
46	26	Armitage and Rhodes	45	—	4.3	9.6	5.6	6.7
166	108	Bardon Hill	166	+1	4.0	2.4	21.0	21.8
64	42	Bray Technologies	51	—	3.9	7.6	6.2	7.2
201	145	CCL Ordinary	145	—	12.0	8.3	3.5	3.4
152	103	CCL 11pc Conv. Pf.	103	—	15.7	15.2	—	—
130	10	Carborundum Ord.	124xd	—	4.9	4.0	6.1	9.6
93	83	Carborundum 7.5pc Pf.	93	—	10.7	11.5	—	—
73	46	Deborah Services	58	—	7.0	12.5	5.8	7.7
32	21	Frederick Parker	21	—	—	—	—	—
83	33	George Blair	75	—	—	—	3.1	5.6
50	20	Ind. Precision Castings	45xd	+1	3.0	6.6	11.9	9.9
218	177	Isis Group	185	—	15.0	8.1	14.2	21.3
124	101	Jackson Group	110xd	+1	5.5	5.0	7.4	7.4
285	213	James Burrough	280	−5	15.0	5.4	8.8	8.8
95	83	James Burrough 9pcPf.	95	—	12.9	13.6	—	—
95	71	John Howard and Co.	75xd	—	5.0	6.6	6.0	9.4
225	100	Linguaphone Ord.	180s	—	—	—	6.6	6.9
100	90	Linguaphone 10.5pc Pf.	90s	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	570s	—	6.9	1.2	24.9	23.7
125	31	Robert Jenkins	75	—	—	—	9.7	21.4
60	28	Scruttons "A"	31	—	—	—	—	7.9
92	61	Torday and Carlisle	68	—	5.0	7.4	3.4	6.2
444	320	Trevian Holdings	330	—	4.3	1.3	18.8	18.4
36	17	Unilock Holdings	36	—	2.1	5.8	9.8	9.6
122	81	Walter Alexander	121	−1	8.6	7.1	6.8	8.3
247	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

S=Suspended.

APPOINTMENTS

Raine Industries changes

The chairman of RAINE INDUSTRIES, Mr Michael Henry Taylor, has relinquished his duties as chief executive, but will continue as chairman. Mr Graham Arthur Henry Thorpe has been appointed chief executive. He has been a director of the company, and managing director of Hassall Homes, the group's house-building division, for 10 years. Mr Kenneth Millward has been promoted to director and general manager of Hassall Homes.

★

Mr Paul Blagbrough has been appointed company secretary of SAVE & PROSPER GROUP. He was a director and company secretary of Matheson and Co. He succeeds Mr J. B. Shelley who retires but remains director of Save & Prosper Educational Trust.

★

Ms Tina Hancock has been promoted to managing director of CONDOR PR. Mr Richard Hooker becomes the agency's chairman.

★

The FIRST NATIONAL BANK OF CHICAGO has made the following appointments in its London office. Mr Edward A. Greene has been assigned from Chicago as manager of International financial institutions for the UK, Middle East and Africa. Mr Frank L. Grossman has been appointed manager, Africa office. He was previously based in Hong Kong. Mr Peter B. McCarthy has rejoined First Chicago from Chase Manhattan as head of UK corporate banking. Mr G. Alun E. Michael has been appointed business manager, UK, Middle East and Africa. He was previously head of energy: Europe, Middle East and Africa.

★

As part of a total restructuring of the GOODLASS WALL CO since its take-over by Beckers, Mr Ray Gardiner has been appointed managing director and Mr Martin Tarran-Jones, marketing and sales director. Mr Gardiner was previously finance director and deputy managing director of Goodlass Wall Co and Mr Tarran-Jones the trade national accounts manager at the Dulux Paints division of ICI.

★

Mr Roy Marsh has been appointed non-executive chairman of CANNON RUBBER. He was a director of Dunlop Holdings.

★

Miss Jane Sheppard has joined the board of MEON TRAVEL as tours director.

★

Mr Michael Littlejohns has been appointed general manager of the newly created parts and service division at LUCAS ELECTRICAL.

★

Mr Henry McCarthy, chairman of Hunter Plywood, has been appointed to the board of HUNTER, the parent company.

Mr John L. Barrons has resigned as managing director of WESTMINSTER PRESS, a Pearson company, to establish an independent role in the regional press, and will be leaving the group at the end of the year. On November 18 Mr Frank Barlow, chief executive of the Financial Times Group, which is also a subsidiary of Pearson, will take on the additional role of chief executive of Westminster Press.

★

Mr Harrold F. P. Davies, registrar of ALLIED-LYONS, is to retire on December 31. Mr Richard G. Smith, the deputy registrar, has been appointed to succeed Mr Davies as registrar on January 1.

★

HEDDINGTON BROKERS, Hamilton, Bermuda, has elected Ms Monica Dobbie as a senior vice president, and Mr Mark G. Randall as a vice president. Heddington Brokers is an international insurance and reinsurance broking company, jointly owned by Heddington Insurance, a Texaco Inc subsidiary, and Willis Faber, a Lloyd's insurance broker.

★

THE INSTITUTE OF CHARITY FUNDRAISING MANAGERS has appointed Mrs Diane Yeo to be its director in succession to Mr Peter Forster. Mrs Yeo takes up her post in January. Mrs Yeo was a founder member of the ICFM and has been a member of its executive committee since its inception. She was director of appeals for the YWCA.

★

Dr Bruce Dean, head of the industrial technology division within Atkins Research & development, a member of W. S. Atkins Group, has been appointed to the board of ATKINS RESEARCH & DEVELOPMENT.

★

Dr Ernst Brugger, former Swiss Minister for Economic Affairs, is next March to retire as chairman of SWISS VOLKSBANK Berne. Subject to the approval of the 1986 annual meeting, he will be succeeded by Dr Rainer Weibel, who is currently the bank's vice-chairman, as well as chairman and managing director of Keramik Holding, Laufen. At the same time, Mr Bernard Schneider, managing director of Ateliers de Constructions Metalliques et Mecaniques Stephan, Fribourg, will be nominated to fill the vacant position of vice-chairman.

★

Australian financial services group, KEYWEST INVESTMENTS, has appointed Mr David W. Kendell as alternate director to Mr C. J. Spence, the group chairman, who is also managing director of English Association Trust. Mr Kendell is partner with the Sydney legal firm of Sly and Russell.

BASE LENDING RATES

ABN Bank	11½%
Allied Dunbar & Co.	11½%
Allied Irish Bank	11½%
American Express Bk.	11½%
Henry Ansbacher	11½%
Amro Bank	11½%
Associates Cap. Corp.	12 %
Banco de Bilbao	11½%
Bank Hapoalim	11½%
Bank Leumi (UK)	11½%
BCCI	11½%
Bank of Ireland	11½%
Bank of Cyprus	11½%
Bank of India	11½%
Bank of Scotland	11½%
Banque Belge Ltd.	11½%
Barclays Bank	11½%
Beneficial Trust Ltd.	12½%
Brit. Bank of Mid East	11½%
■ Brown Shipley	11½%
CL Bank Nederland	11½%
Canada Permanent	11½%
Cayzer Ltd.	11½%
Cedar Holdings	12 %
■ Charterhouse Japhet	11½%
Choulartons**	
Citibank NA	11½%
Citibank Savings	¶12½%
City Merchants Bank	11½%
Clydesdale Bank	11½%
C. E. Coates & Co. Ltd.	12 %
Comm. Bk. N. East	11½%
Consolidated Credits	11½%
Continental Trust Ltd.	11½%
Co-operative Bank	*11½%
The Cyprus Popular Bk.	11½%
Duncan Lawrie	11½%
E. T. Trust	12 %
Exeter Trust Ltd.	12 %
Financial & Gen. Sec.	11½%
First Nat. Fin. Corp.	12½%
First Nat. Sec. Ltd.	12½%
■ Robert Fleming & Co.	11½%
Robert Fraser & Ptrs.	12½%
Grindlays Bank	‡11½%
■ Guinness Mahon	11½%
■ Hambros Bank	11½%
Heritable & Gen. Trust	11½%
■ Hill Samuel	§11½%
C. Hoare & Co.	11½%
Hongkong & Shanghai	11½%
Johnson Matthey Bkrs.	11½%
Knowsley & Co. Ltd.	12 %
Lloyds Bank	11½%
Edward Manson & Co.	12½%
Meghraj & Sons Ltd.	11½%
Midland Bank	11½%
■ Morgan Grenfell	11½%
Mount Credit Corp. Ltd.	11½%
National Bk. of Kuwait	11½%
National Giro Bank	11½%
National Westminster	11½%
Northern Bank Ltd.	11½%
Norwich Gen. Trust	11½%
People's Trust	12½%
PK Finans. Intl. (UK)	12 %
Provincial Trust Ltd.	12½%
R. Raphael & Sons	11½%
Roxburghe Guarantee	12 %
Royal Bank of Scotland	11½%
Royal Trust Co. Canada	11½%
Standard Chartered	‖11½%
TCB	11½%
Trustee Savings Bank	11½%
United Bank of Kuwait	11½%
United Mizrahi Bank	11½%
Westpac Banking Corp.	11½%
Whiteaway Laidlaw	12 %
Yorkshire Bank	11½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

WORLD STOCK MARKETS

WALL STREET

Fighting for fourth peak this week

AFTER A hesitant opening, Wall Street worked its way higher, although declines still outnumbered advances.

By 1 pm the Dow Jones Industrial Average was up 2.87 to a fresh peak of 1,442.09, making a rise of 37.73 on the week. A close at the 1,440 level, or higher, would be the fourth record for the index this week. The NYSE All Common index, at $114.74, was off 0.08 on the day but up 2.80 on the week. Declines led advances by a four-to-three margin on a turnover of 106.2m shares.

Trude Latimer, of Evans and Co, noted increased public participation in the form of a "spreading out of the advance to the really low-priced stocks."

Ford Motors led the actives, up $2⅝ to $54—it said on Thursday it would buy back 20m of its own shares.

General Motors strengthened $2½ to $71½ and Chrysler $1⅜ to $44⅜ on a revival of interest in the car group, which has been lagging in the recent stock market advance.

Sonat improved 1⅛ to $37¼. Coastal Corp, which earlier in the week said it holds a 6 per cent stake in Sonat, said it may raise its holding to 10 per cent.

Beatrice Companies gained ⅛ to $46⅜ in active trading—Thursday it agreed to a $50 per share buyout.

Advanced Micro Devices put on $⅞ to $26½ and Texas Instruments $1½ to $99⅞ as some of the semiconductors did well for the second day. IBM rose $1 to $137⅞.

Capital Cities Communications were another $1½ up to $217. Thursday the FCC gave the company permission to acquire American Broadcasting Companies and waived a requirement that would have forced sale of a Philadelphia television station.

THE AMERICAN SE Market Value index firmed 0.05 to 237.28, making a rise of 3.55 on the week. Volume 7m shares.

Dome Petroleum led the actives, up $1/16 to $2⅛.

Closing prices for North America were not available for this edition.

CANADA

Stocks rose modestly in busy trading at mid-session.

The Toronto Composite index added 2.4 at 2,797.6, Oil and Gas 14.7 at 3,420.7 and Golds 20.2 at 4,289.6. But Metals and Minerals shed 1.45 to 1,882.38.

Turbo Resources held unchanged at 50 cents, after reporting a nine-months' net profit against a year-ago loss.

TOKYO

Encouraged by a rally in Bonds prices and a stronger yen, share prices bounced back substantially, pushing up the closely-watched indicator to higher ground for the first time in seven sessions.

The Nikkei Dow Average, which dropped 126.78 Thursday, recovered 47.93 to 12,637.44. The broader-based index of all stocks listed in the First Section rose 1.53 to 992.85. Volume 280m (264m) shares. Advancing issues outpaced declines by 441-to-334.

Among the big winners were Computer-related stocks.

Export-sensitive stocks had appeared to recover from setbacks earlier in the week when it was believed that the stronger yen would hurt earnings for the first half of 1986.

Banking continued to slide, due to higher short-term interest rates that would make it more costly for them to raise lending money.

Printing stocks like Dai Nippon and Toppan, which make plastic memory cards similar to credit cards, were up early and advanced in the afternoon on word that the Ministry of Post and Telecommunications is considering using them in the future.

Pharmaceuticals were mixed.

Almost all Electricals posted gains.

AUSTRALIA

Share markets closed lower with investors opting for fixed term securities in response to rising interest rates.

The All Ordinaries index was down 6.5 at 1,003.4, the All Industrials 8.7 at 1,469.1, All Resources and Oil and Gas 7.1 at 648.0, but the Gold Index rose 5.9 to 955.1 and Solid Fuels 5.1 to 460.6.

The losses were led by Industrials and Bankings, which dropped sharply despite solid annual profit announcements from two of the country's biggest banks earlier this week.

Broken Hill Proprietary fell 14 cents to A$18.70 after a sudden lack of buying support. Strong buying in BHP during the month has led the market to record gains.

Traders said the decline in Bank shares was due to expectations of pressure on future profits. Westpac Banking fell 12 cents to A$4.68, despite its 20 per cent increase in profit. National Australia Bank shed 5 cents to A$4.70, although it reported a 30 per cent annual profit increase Thursday. Australia and New Zealand Banking Group lost 8 cents to A$4.82—it has yet to report profits.

BHP, Australia's biggest publicly traded company, fell 14 cents to A$8.40. A parcel of 1m BHP shares crossed just before the close at A$8.80, however.

Lend Lease gave way 20 cents to A$6.0 after announcing a new takeover offer for the MLC Ltd at A$28 a share. Lend Lease currently holds 69.5 per cent of MLC.

HONG KONG

Prices drifted lower on local profit-taking.

The Hang Seng index lost 9.07 to 1,736.09, its second consecutive loss after nearly a month of almost constant gains. Combined turnover on the colony's four independent exchanges was HK$333.79m (HK$355.96m).

Brokers said local invesotrs and punters, or day traders, were skimming their profits from the market's recent gains.

But the market is still supported by strong overseas buying interest and the index is expected to resume its advance soon.

Property shares were off most sharply.

Trading in Henderson Land, up 5 cents at HK$2.32, and Wing Tai, down 55 cents to HK$4.85, resumed after Thursday's suspension, due to Henderson's offer of HK$4.75 per share for 70.8 per cent of Wing Tai.

SINGAPORE

Generaly firm on pre-weekend short-covering and scattered bargain-hunting. Dealers said ongoing forced selling by investors unable to meet brokers margin calls checked the upward move.

The Straits Times Industrial index gained 2.23 to 761.46, and the SE All Shares index added 0.27 at 271.73. Advances held a 71-to-56 margin over declines. Turnover was 10.5m (12.4m).

The market's quite oversold, one dealer noted, but because the upcoming public offering of 100m Singapore Airlines shares, at S$5 each is expected to drain substantial liquidity from the system.

Major Industrial shares ended slightly firmer. Properties showed no clear direction, but Plantations bobbed higher.

GERMANY

Firmer after a weak start, as some investors showed renewed short-term buying interest. Trading was moderate.

Metallgesellschaft were a highlight, up DM30 to 310, on feeling that the effect of the tin crisis might have been exaggerated.

The Commerzbank index of 60 leading shares, calculated at mid-session, missed the recovery and fell 1.4 to 1,694.

The Banking sector was mixed.

Motors gained across the board, with BMW rising DM12 to 587.50, Daimler DM 9.50 to 1,152.50, and VW DM 3.90 to 400.

Chemicals were mixed.

In Retailers, which have recently seen some investment recommendations, Karstadt rose DM11 to 292.

Lufthansa rose DM 3 to 221—it has been little affected by this week's strike by ground staff which was called off with effect from yesterday.

JOHANNESBURG

Gold shares closed very firm on mainly local demand, leading a general Stock Market advance, on a combination of a steady bullion price, a continuing weak rand and prospects of lower interest rates.

NEW YORK

CANADA

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

DENMARK

SWEDEN

HONG KONG

ITALY

SWITZERLAND

JAPAN

FRANCE

NETHERLANDS

SINGAPORE

AUSTRALIA

SOUTH AFRICA

Indices

NEW YORK

DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

MONTREAL Portfolio

NEW YORK ACTIVE STOCKS

** Saturday November 9: Japan Nikkei c. TSE c.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES and MONEY

FOREIGN EXCHANGES

Short covering boosts dollar

The dollar rose in currency markets yesterday in response to short covering ahead of the weekend. Once again the market ignored the release of US economic statistics, preferring to speculate on rumour rather than fact. In short the dollar had been expected to show a further significant fall and when it did not, there was a rush to cover positions ahead of the weekend.

Yesterday's figures, which had apparently inhibited trading for much of the time before their release, showed a rather mixed trend. Industrial production was flat on the month while producer prices rose by 0.9 per cent. US business inventories rose by 0.2 per cent. Demand for the dollar must have reflected to some extent the raising of the US *debt ceiling to December 6* by which time the authorities will have on offer a total of $61bn of paper.

The dollar closed yesterday at DM 2.6220 from DM 2.6165 and Y204.20 compared with Y203.35. Against the Swiss franc it rose to SFr 2.1520 from SFr 2.1440 and FFr 7.9850 compared with FFr 7.97. On Bank of England figures, the dollar's exchange rate index rose from 120.1 to 129.3.

Sterling was slightly weaker overall and once again showed its vulnerability to fluctuations in the priceof oil. It had started the day on a firmer note, underpinned by the relatively high level of UK interest rates and encouraging economic data. Its exchange rate index closed at 79.5 down from 79.6, having opened at 79.7 and touching a low at 11 am of 79.4.

Against the dollar it fell to $1.4220-1.4230, a decline of 50 points. It was also weaker against the D-mark at DM 3.73 from DM 3.7350 and FFr 11.3575 compared with FFr 11.3775. Elsewhere it rose to Y290.50 from Y290.25 and SFr 3.0650 from SFr 3.0600.

£ IN NEW YORK

	Nov. 15	Prev. close
£ Spot	$1.4211-1.4221	$1.4500-1.4510
1 month	0.40-0.38pm	0.39-0.38 pm
3 months	1.18-1.14pm	1.16-1.15 pm
12 months	3.76-3.65pm	3.71-3.61 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Nov. 15	Previous
8.30 am	79.7	79.5
9.00 am	79.6	79.6
10.00 am	79.7	79.6
11.00 am	79.4	79.6
Noon	79.6	79.6
1.00 pm	79.6	79.5
2.00 pm	79.6	79.6
3.00 pm	79.6	79.6
4.00 pm	79.5	79.6

DOLLAR SPOT — FORWARD AGAINST DOLLAR

Nov 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4200-1.4290	1.4220-1.4230	0.39-0.35c pm	3.12	1.16-1.12pm	3.21
Ireland†	1.1780-1.1840	1.1790-1.1800	0.22-0.12c pm	1.72	0.75-0.50pm	2.11
Canada	1.3749-1.3770	1.3760-1.3770	0.06-0.09c dis	−0.65	0.21-0.26dis	−0.68
Nethlnd.	2.9400-2.9520	2.9485-2.9495	0.58-0.55c pm	2.30	1.65-1.63pm	2.23
Belgium	52.77-52.95	52.85-52.95	1-2½c dis	−0.40	4-6dis	−0.38
Denmark	9.44-9.49	9.48-9.48½	½-1ore dis	−0.95	2½-3dis	−1.16
W. Ger.	2.6105-2.6250	2.6215-2.6225	0.80-0.75pf pm	3.56	2.27-2.22pm	3.43

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.00-53.10.

POUND SPOT—FORWARD AGAINST POUND

Belgian rate is for convertible francs. Financial franc 75.40-75.50. Six-month forward dollar 2.13-2.08c pm, 12-month 3.75-3.60 c pm.

CURRENCY RATES

* CS/SDR rate for Nov 15: 1.48513

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

OTHER CURRENCIES

Nov. 15	£	$		
Saudi Ar.	5.1825-5.1945	3.6510-3.6515		
Sin'pore	3.0045-3.0130	2.1150-2.1180		
S.Af.(Cm)	3.7920	3.8430	2.6665-2.7025	
S.Af.(Fn)	4.7400-5.9040	3.3555-3.4485		
U.A.E.	5.3165-5.2280	3.6720-3.6730		

* Selling rate.

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 9-9¼ per cent; three years 9⅜-9⅝ per cent; four years 9⅞-10⅛ per cent; five years 10-10¼ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

MONEY MARKETS

UK rates show little change

Interest rates were little changed yesterday in London. The dollar's slightly firmer tendency had only a small effect on sterling and there was very little interest ahead of the weekend. Three-month interbank money was quoted at 11½-11$\frac{7}{16}$ per cent, compared with 11$\frac{9}{16}$-11$\frac{7}{16}$ per cent, while three-month eligible bank bills were bid at 11$\frac{7}{16}$ per cent, unchanged from Thursday. Weekend interbank money opened at 11¼-11½ per cent and eased to 11 per cent before finishing at 13 per cent.

The Bank of England forecast a shortage of around £1,100m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £446m and Exchequer transactions a further £315m. There was also a rise in the note circulation of £225m and banks brought forward balances £90m below target. The Bank offered an early round of assistance which totalled £470m and comprised outright purchases of £29m of eligible bank bills in band 2 at 11$\frac{7}{16}$ per cent and £7m in band 3 at 11⅜ per cent. In band 4 it bought £19m of Treasury bills and £3m of eligible bank bills all at 11$\frac{5}{16}$ per cent.

It also arranged sale and repurchase agreements on £412m of bills at 11$\frac{15}{32}$-11$\frac{7}{16}$ per cent, unwinding on November 20. Further help in the morning amounted to £170m and comprised outright purchases of £10m of eligible bank bills in band 1 at 11½ per cent, £69m in band 2 at 11$\frac{7}{16}$ per cente, £42m in band 3 at 11⅜ per cent and £49m in band 4 at 11$\frac{5}{16}$ per cent.

The forecast was later revised to a shortage of around £1,050m before taking into account the earlier help and the Bank gave additional assistance of £273m. This comprised purchases of £3m of eligible bank bills in band 1 at 11⅞ per cent and in band 2 £5m of local authority bills and £168m of eligible bank bills all at 11$\frac{7}{16}$ per cent. In band 3 it bought £5m of Treasury bills and £58m of eligible bank bills, all at 11⅜ per cent and in band 4 £30m of eligible bank bills and £4m of local authority bills at 11$\frac{5}{16}$ per cent. Total help was £913m and the Bank revised the forecast once more to a shortage of £1,150m, before taking into account the day's help.

UK clearing banks base lending rate 11½ per cent since July 30

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov. 15) Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/8	offer 8 1/4	bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Nov. 15	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.45-4.55	4.5-4.7	4.75-4.85	4.75-4.85	4.80 4.90	5.5
Paris	9$\frac{1}{16}$	9$\frac{1}{16}$-9$\frac{3}{16}$	9$\frac{1}{16}$-9$\frac{3}{16}$	9⅛-9¼	9⅛-9¼	9⅛
Zurich	¾-1¼	3-3¼	—	3⅞-4⅛	—	—
Amsterdam	5$\frac{3}{16}$-5⅝	5⅝-5⅞	—	5½-5⅝	5½-6	—
Tokyo	7.34375	7.90625	7.90626	7.90625	—	—
Milan	14⅝-14⅞	14¼-14⅝	—	14⅛-14½	—	—
Brussels	7.85	8⅜-8⅝	—	8⅜-8⅝	8⅜-8⅝	—
Dublin	9¾-10	9⅞-10⅛	10⅛-10⅜	10¼-10½	10⅜-10¾	—

LONDON MONEY RATES

Nov. 15	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-13	11⅛-11⅝	11$\frac{7}{16}$-11$\frac{5}{16}$	11½-11$\frac{7}{16}$	11⅝-11½	11¼-11⅝
Sterling CDs	—	—	11$\frac{7}{16}$-11$\frac{5}{16}$	11$\frac{15}{32}$-11$\frac{13}{32}$	11¼-11⅜	11⅛-11¼
LocalAuthorityDepos	11⅛-11⅝	11¼-11⅛	11½	11½	11$\frac{7}{16}$	11$\frac{5}{16}$
Local Author'y Bonds	—	—	12	11⅞	11⅝	11⅝
Discount Mkt Depos.	—	11-12	11⅝	11¼	—	—
Company Depos.	11⅝	11⅜-11¼	11⅝	11¼	—	—
Finance Hse Depos.	—	—	11½	11½	11½	11⅜
Treasury Bills (Buy)	—	—	11$\frac{11}{32}$	11$\frac{11}{32}$	—	—
Bank Bills (Buy)	—	—	11$\frac{15}{32}$	11$\frac{7}{16}$	10$\frac{31}{32}$-10$\frac{7}{16}$	—
Fine Trade Bills (Buy)	—	—	11$\frac{15}{16}$	11$\frac{11}{16}$	11$\frac{11}{16}$	—
Dollar CDs	—	—	8.0-8.1	8.0-8.1	8.0-8.1	8.2-8.3
SDR Linked Depos.	—	—	7$\frac{15}{16}$-8$\frac{1}{16}$	7⅞-8⅛	7$\frac{15}{16}$-8$\frac{1}{16}$	8$\frac{1}{16}$-8¼
ECU Depos.	—	—	8⅛-8¼	8¼-8⅜	8⅜-8½	8$\frac{7}{16}$-8$\frac{9}{16}$

Treasury Bills (sell): one-month 11$\frac{5}{16}$ per cent; three months 11$\frac{5}{32}$ per cent. Bank Bills (sell): one-month 11$\frac{5}{16}$ per cent; three-months 11¼-11$\frac{5}{32}$ per cent. Treasury Bills: Average tender rate of discount 11.1298 per cent. ECGD fixed finance scheme IV reference rate: October 2 to November 5 (inclusive): 11.608 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from November 1 1985. Bank Deposit Rates for sums at seven days' notice 5.25-5.625 per cent (net). Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11½ per cent; nine-12 months 11¼ per cent. Under £100,000 10¼ per cent from November 12. Deposits held under Series 5 11¼ per cent. Deposits withdrawn for cash 7½ per cent.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

LME trading blighted by tin crisis

BY RICHARD MOONEY

onBASE METAL trading on the London Metal Exchange remained in the doldrums this week as the tin crisis dragged on and the LME authorities changed their minds about resuming trading in the suspended metal next Monday.

"The other contracts are virtually dying on their feet," commented Mr Michael Brown, chief executive of the LME.

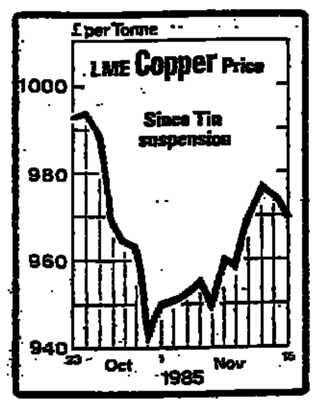
As first sight the facts do not appear to bear out Mr Brown's comment. Turnover in copper, for example, averaged 27,119 tonnes a day this week, compared with 18,595 tonnes in the last full week before the suspension of tin rtading. And the other contracts show the same picture.

But these figures may be misleading. Since the tin crisis began a lot of the turnover in other metals has represented liquidation of uncovered long positions, one LME dealer explained yesterday. In addition, he said, there has been a lot of "carrying"—selling cash and buying forward—which counts double in the official turnover figures. So the amount of "fresh" trading will have been much lower. Mr Brown estimates that it has fallen about 50 per cent from the level ruling before the suspension of tin trading. "We desperately need to reopen tin trading in as orderly fashion as possible to salvake the other metals trading on the Exchange," he said.

In terms of prices, however, the other base metals seem to have got over the worst of the the weekaf tert hesus pen sion effects of the crisis for now. In the week after the suspension cash higher grade copper fell £50 to £943 a tonne, a 2-year low. But it has since bounced back, reaching £974 on Thursday before losing ground yesterday to end the week £9 higher on balance at £969.50 a tonne.

...Lead's recovery has been even stronger. Cash metal fell from £277.5 to £255.50 a tonne in the immediate aftermath of the tin suspension. But a sustained recovery lifted the price to £285.50 on Tuesday before it was trimmed back because of freer availability to end the week £1.25 up at £276.50 a tonne.

Among the soft commodities the biggest movement this week was in coffee, with January futures ending £47.50 higher at £1,897.50 a tonne. Uncertainty about the level of damage to the Brazilian crop from the drouhgt which ended two weeks ago continued to encourage a bullish background sentiment in the coffee market. And worries about transport problems in Uganda also remained on traders' minds. A further influence in the rise was the disastrous volcanic eruption in Colombia, the world's second biggest coffee producer.



Freer availability of low quality beans depressed cocoa futures prices early in the week but more than half the decline was recovered yesterday when renewed concern about West African crops lifted the March position £22 to £1,687.50 a tonne, down £20 on the week. The rise was linked to a report that the Ivory Coast Agriculture Ministry had purchased only 80,190 tonnes of cocoa from farmers by November 12. London traders had been estimating the figure at around 130,000 tonnes.

A forecast that historically high world sugar stocks could fall more quickly than had hitherto been anticipated appeared to be shrugged off in the market yesterday. C. Czarnikow, a leading London sugar trader, said in its monthly report that a big rise in world consumption projected for next year—1.82m tonnes to 100.29m—could continue. And since low prices were likely to encourage production cuts world stocks could be reduced from the current 41m tonnes to 32.5m by August 1987.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Markets c.i.f.	$990/1010	−5	$1270/1300	$1180/1210	$975/995
Antimony					
Free Market 99.6%	$2750/2850	—	$3300/3350	$3075/3150	$2550/2650
Copper-Cash High Grade	£969.5	+9	£1073.25	£1339	£943.0
3 months Do. Do.	£986.25	+1	£1097.75	£1331.75	£968.25
Gold per oz.	$324.75	+2.50	$345.25	$338.75	$284.7
Lead Cash	£276.5	+1.25	£363.5	£391.5	£255.5
3 months	£279.25	+1	£354.75	£353.5	£271.25
Nickel market c.i.f. 16					
Free	185/205c	+7	212/232c	252/282c	$175/195c
Palladium	$100.45	+2.95	$147.75	$129.65	$93.50
Platinum per oz	$333.85	+8.95	$331.75	$342.25	$244.25
Quicksilver (76 lbs)	$280/285	—	$300/310	$300/310	$265/275
Silver per oz	428.85p	+2.6	603.35p	576.90p	421.10p
3 months per oz	440.45p	+2.8	617.20p	594.90p	432.90p
Tin cash	†	—	£9662.5	£10,325	£8507.5
3 months	†	—	£9661	£10,232.5	£8422.5
Tungsten Ind.	$70.28	—	$89./53	$83.85	$66.75
Wolfram (22.04 lb)	$60/65	—	$79/83	$75/78	$56/60
Zinc cash	£420	+7	£623	£857.5	£372.5
3 months	£429.5	+4	£627.75	£855	£392.5
Producers	$660/670	—	$900	$960	$660/670
GRAINS					
Barley Futures	£110.15	−0.40	£109.45	£117.40	£96.00
Maize French	£135.00x	+1	£145.00	£152.20	£129.50
WHEAT Futures	£112.10	+1.30	£110.00	£124.95	£96.80
SPICES					
Cloves	$4,100	+350	$4,100	$4,100	$3,200
Pepper white	$5,200	+50	$3,475	$5,200	$3,300
black	$4,200	−50	$2,275	$4,250	$2,200
OILS					
Coconut (Philippines)	$405v	—	$960	$950	$405
Palm Malayan	$370.0	—	$630	$700	$340
SEEDS					
Copra (Philippines)	$255u	−5	$580	$575	$255
Soyabeans (U.S.)	$218.9u	+2.5	$256.25	$255.4	$207.5
OTHER COMMODITIES					
Cocoa Futures Mar.	£1687.5	−20.0	£1,942	£2,266.5	£1,657
Coffee Futures Jan.	£1898.5	+47.5	£2,370.5	£2,457	£1487.5
Cotton Index	48.20c	+0.20		71.95c	43.00c
Des. Coconut	£635	—	£1300	£1,260	£635
Gas Oil Fut. Dec.	$264.25	−4.50	$236.5	$270.00	$208.75
Jute LJA BWC grade	$315	−5	£870	$945	$315
Rubber kilo	56p	−0.5	60p	70p	55p
Sisal No. 3L	$590	—	$670	$670	$515
Sugar (Raw)	$137.5u	−0.5	$117.5	$147.5	$82
Tea (quality) kilo	175p	—	330p	345p	160p
(low med) kilo	103p	−1	248p	255p	102p
Wooltops 64s Super	39p8 kilo	+2	470p Kilo	526p kilo	396p kilo

† Unquoted. (g) Madagascar. (u) November-December. (x) November (y) December (z) October-November. (v) December-January.

INDICES

FINANCIAL TIMES

Nov. 15	Nov. 14	M'th ago	Year ago
—*	—*	246.71	296.49

(Base: July 1 1952=100)

REUTERS

Nov. 15	Nov. 14	M'th ago	Year ago
1742.4	1742.4	1708.1	1867.0

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Nov. 14	Nov. 15	Month ago	Year ago
Spot	120.22	120.60	—	126.46
Fut.	120.90	120.58	—	128.92

(Base: December 31 1931 = 100)

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	666-7	−8.5	—
3 months	689-90	−6	690/682

Official closing (am): Cash 659-5 (655-.5), three months 683-5 (678.5-9.5), settlement 659-.5 (655-.5). Final kerb close: 687-8. Turnover: 16,550 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	969-70	−4.5	970.5/969
3 months	986-.5	−4.5	988/983

Official closing (am): Cash 970-1 (968-9), three months 986-.5 (985-6), settlement 971 (969). Final kerb close: 987.5-8.

Cathodes			
Cash	943-6	−9.5	—
3 months	966-8	−5	970/970

Official closing (am): Cash 946-8 (948-9), three months 968-70 (967-8), settlement 948 (949). Turnover: 23,525 tonnes. US producer prices 65.5/70 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	276-7	−2	277/274
3 months	278.5-80	−2.75	283/277.5

Official closing (am): Cash 273-4 (281.5-2), three months 278.5-9.5 (283-.5), settlement 274 (282). Final kerb close: 279-3.5. Turnover: 10,100 tonnes. US spot: 18.75/20 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2880-90	+5	2852/2850
3 months	2910-20	+17.5	2940/2880

Official closing (am): Cash 2,851-2 (2,874-5), three months 2,900-5 (2,880-5), settlement 2,852 (2,875). Final kerb close 2,900-10. Turnover: 1,092 tonnes.

ZINC

Highgrade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	419-21	—	—
3 months	429-30	−2	430/421

Official closing (am): Cash 414-6 (415-6), three months 423-4 (424.5-5), settlement 416 (same). Final kerb close. 427-28. Turnover: 9,250 tonnes. US Prime Western: 32.5/35.75 cents per pound.

GOLD

Gold fell $1 an oz from Thursday's close in the London bullion market yesterday to finish at $324½-325. The metal opened at the same level and traded between a high of $325½-326 and a low of $324¼-324¾. Trading was thin and uneventful ahead of the weekend.

GOLD BULLION (fine ounce) Nov. 15

Close	$324½-325	(£228-228½)
Opening	$324½-325	(£227½-228)
M'n'g fix.	$324.55	(£227.165)
Aft'n'n fix	$325.40	(£228.111)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$326½-327	(£228½-230)
½ Krug.	$172¼-173	(£121¼-121½)
¼ Krug.	$88¼-88¾	(£62-62½)
1/10 Krug.	$36-36½	(£25¼-25¾)
Mapleleaf	$334¾-335¼	(£235¼-235¾)
Angel	$336-337	(£235½-237)
1/10 Angel	$32½-37½	(£22¾-26¼)
New Sov.	$79¼-79¾	(£55¾-56)
½ New Sov	$46½-47	(£32¾-33)
Old Sov.	$80-81½	(£56¼-57¼)
$20 Eagle	$460-500	(£323¼-351½)
Noble Plat	$343-347	(£241-244)

SILVER

Silver was fixed 2.4p an ounce lower for spot delivery in the London bullion market yesterday at 428.85p. US cent equivalents of the fixing levels were: spot 611.5c, down 3.45c; three-month 622.9c, down 3.4c; six-month 635.35c, down 2.8c; and 12-month 659.85c, down 3.35c. The metal opened at 428-431p (611-614c) and closed at 430-433p (612-615c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	428.85p	−2.40	428.00p	−2.50
3 months	440.45p	−2.15	439.75p	−2.55
6 months	452.15p	−2.10	—	—
12 months	474.70p	−2.55	—	—

LME—Turnover: 6 (34) lots of 10,000 ozs. Morning: large cash high/low 427.5, three month high 441, low 439.5, final kerb 440-0.5.

RUBBER

PHYSICALS — The London market opened easier, attracted no interest throughout the day and closed idle, reports Lewis and Peat. Closing prices (buyers) spot 56.00p (same). Dec 54.50p (54.75p), Jan 55.00p (55.25p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg RSS No 1 was 179.5 (180.5); and for SMR 20 166.0 (167.0).

COCOA

Sales: 3,581 (2,247) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for Nov 15: 104.55 (100.90); five-day average for Nov 18: 102.05 (101.66).

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1646-1618	+30.5	1652-1615
March	1687-1688	+22.0	1687-1681
May	1713-1714	+22.0	1722-1698
July	1735-1736	+19.5	1742-1715
Sept.	1757-1760	+17.5	1765-1752
Dec.	1765-1770	+18.5	1769-1750
March	1774-1780	+9.0	—

COFFEE

COFFEE	Yesterdy's Close	+ or —	Business Done
Nov.	1804-1864	+16.0	1882-1860
Jan.	1897-1800	+15.0	1928-1995
March	1904-1805	+17.0	1927-1965
May	1895-1806	+08.0	1930-1906
July	1910-1920	+115.5	1945-1920
Sept.	1920-1955	+20.0	1956-1955
Nov.	1920-1940	+20.0	1955-1950

Sales: 4,910 (4,584) lots of 5 tonnes. *ICO indicator prices (US cents per pound)* for Nov 14: Comp. daily 1979 139.71 (137.57); 15-day average 139.18 (138.64).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Nov.	109.70	−0.25	107.85	+0.15
Jan.	112.10	−0.20	110.15	−0.15
Mar.	114.66	−0.20	112.70	−0.20
May	117.45	−0.50	114.80	−0.20
July	119.60	−0.58	—	
Sept.	98.25	−0.58	98.25	+0.58

Business done—Wheat: Nov 108.75 only, Jan 112.40-2.00, March 115.00-4.45, May 117.85-7.40, July 120.00-0.10, Sept 98.75-98.50. Sales: 256 lots of 100 tonnes. Barley: Nov untraded, Jan 110.30 only, March 112.80 only, May 114.80 only, Sept 98.50 only. Sales: 16 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No. 1, 15 per cent: Nov 137.90, Dec 138.90, Jan 140.05, Feb 143.25, sellers transhipment East Coast. US No. 2 Soft Red Winter: Dec 120, Jan 121.75, Feb 123, sellers. EEC French: Nov 130. English Feed, fob: Nov 144, Dec 115.50, Jan 116.50, Jan/March 117.50, May 119, April/June 121.50, sellers East Coast. Maize: US No. 3 Yellow/French, transhipment East Coast: Nov 135, seller. Barley: English Feed, fob: Dec 113.25, Jan 114.50, Jan/March 116, April/Sept 119.50, sellers East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed Wheat: Eastern 108.10, E. Midlands 105.50, N. East 108.30. Feed Barley: E. Midlands 106.30, N. Easst 106.70, Scotland 104.60. The UK monetary coefficient for the week beginning Monday, November 25 (based on HGCA calculations using three days exchange rates) is expected to be unchanged at 1.000.

MEAT

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	101.90	101.50	102.0-101.8
April	103.60	105.20	105.6-103.4
June	100.80	100.70	100.9-100.8
Aug.	98.90	99.40	99.90-99.80
Oct.	104.70	104.70	104.7-104.7
Nov.	105.70	106.80	106.8-105.4

Sales: 25 (33) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION — Average fatstock prices at representative markets: GB Cattle 94.08p per kg lw (+0.68); GB Sheep 147.97p per kg est dcw (−0.57); GB Pigs 84.10p per kg lw (+1.62).

US MARKETS

PRECIOUS metals traded in a lacklustr efashion as the a lacklustre fashion as the sharper than expected increase in the PPI was attributed to special factors, reports Heinold Commodities. Copper came under light selling pressure in sympathy with the precious metals and weakness to sterling. Aluminium attracted shortcovering on expectations of a further drawdown in LME stocks. Sugar moved slightly lower on light producer sales. Lower than expected delivery notices helped to firm cocoa values. Coffee steadied awaiting clearer assessments from from Colombia. Cotton remained weak on technically based selling and long liquidation. Soyabeans came under *pressure on anticipation that* USDA will lower the 1985 loan rate. The grain complex was mixed with wheat firm on continued tightness in cash. Crude oil and products attracted profit taking following yesterday's sharp advance in response to the weekly API report. The report indicated good movement into secondary storage warmer than normal weather forecasts encouraged selling.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Nov	42.55	—	—	42.25
Dec	42.75	42.85	52 50	52.40
Jan	43.15	—	—	42.80
March	43.90	44.00	43.60	43.55
May	44.65	—	—	44.30
July	45.60	—	—	45.00
Sept	46.15	—	—	45.70

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
Dec	86.45	87.35	86.10	87.86
Jan	86.75	87.65	86.65	88.13
Feb	85.90	86.45	85.75	86.93
March	81.55	82.10	81.50	82.41
April	77.30	77.80	77.15	78.31
May	74.20	74.20	74.15	75.00
June	72.50	72.85	72.50	74.10
July	73.30	—	—	73.60
August	71.25	71.90	71.25	72.99
Sept	73.55	—	—	73.55

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	High	Low	Prev
Nov	114.20	114.75	113.00	113.40
Jan	112.70	113.25	111.70	112.30
March	113.20	113.80	112.75	112.95
May	113 50	114 00	113 05	113.45
July	113 80	114.25	113.75	113.40
Sept	112.00	112.00	111.70	111.90
Nov	112.30	—	—	112.40
Jan	112.50	—	—	111.50
March	112.60	—	—	112.80

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	330.3	—	—	333.5
Dec	—	—	—	337.2
Jan	333.9	337.8	333.0	337.1
April	336.1	340.0	335.5	339.6
July	39.4	343.5	339.0	343.2
Oct	343.1	346.5	344.0	347.1
Jan	348.1	352.0	349.0	352.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	608.0	614.0	612.0	612.4
Dec	610.0	618.5	609.2	614.5
Jan	614.4	619.5	619.0	618.9
March	622.7	631.5	622.0	627.2
May	631.0	637.5	631.0	635.5
July	639 8	646 5	638.5	644.2
Sept.	649 0	654.0	654.0	653.3
Dec	663.1	670.5	665.0	667.2
Jan	668.1	—	—	672.1
March	677.9	682.0	682.0	681.9

SUGAR WORLD "11" 112,000 lb.

	Close	High	Low	Prev
Jan	5.25	5.32	5.23	5.35
March	5 88	6 01	5.85	5.93
May	6.07	6.20	6.05	6.12
July	6.23	6 35	6.20	6.30
Sept	6.42	6.42	6.42	6.49
Oct	6.54	6.64	6.52	6.61
Jan	6 68	—	—	6.75
March	7 12	7.21	7.08	7.18

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	64.62	65.60	64.60	65.47

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	324.7	326.7	323.8	325.8
Jan	326.7	—	—	327.6
Feb	328.6	330.9	328.0	329.9
April	332.6	334.6	332.1	333.7
June	336.7	338.5	336.4	337.7
Aug	340.9	340.5	340.5	341.9
Oct	—	—	—	—
Dec	350.1	352.0	351.0	351.1
Feb	354.9	355.8	355.8	355.9
April	359.8	—	—	360.8
June	365.2	—	—	366.2
Aug	370.8	372.0	371.5	371.8

SOYABEAN OIL 60,000 lbs, cents/lbs

	Close	High	Low	Prev
Dec	20.56	20.82	20.26	20.67
Jan	20.64	20.93	20.40	20.79
March	20.95	21.20	20.75	21.08
May	21.21	21.50	21.05	21.37
July	21 35	21.60	21.25	21.44
Aug	21.27	21.50	21.22	21.31
Sept	21.15	21.50	21.15	21.25
Oct	21.15	21.50	21.15	21.30
Dec	21.15	21.30	21.00	21.42
Jan	21.20	—	—	21.42

SOYABEAN MEAL

	Yesterday close £ per tonne	+ or —	Business Done
Dec.	125.5-127.0	−1.25	—
Feb.	128.8-128.5	−1.50	127.5-127.5
Apr.	128.0-128.5	−1.90	128.0-128.0
June	123.0-124.0	−1.00	—
August	125.0-124.0	−1.00	—
October	124.0-126.5	−1.25	—
Dec.	126.0-130.0	−1.50	—

Sales: 12 (28) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $137.50 (£96.50), down $1.50 (down £1.00) a tonne for November-first half-December delivery. White sugar $175.00, down $1.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	138.4-140.0	138.0-143.0	140.0-140.0
Mar.	154.0-154.2	154.8-155.2	158.4-155.8
May	158.0-158.4	159.0-159.2	160.0-158.6
Aug	163.8-164.2	164.4-164.8	164.8-164.8
Oct	169.0-169.6	169.8-170.2	170.8-170.8

Sales: 1,097 (1,540) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £199.50 (£200.00) a tonne for export.

International Sugar Agreement—(US cents a pound fob and stowed Caribbean ports). Prices for Nov 14: Daily price 5.46 (same); 15-day average 5.47 (5.44).

FREIGHT FUTURES

The market opened unchanged yesterday before short covering again saw increments made on the current thin conditions being experienced at the moment. Values fell slightly before the close as trade selling interest appeared, reports Clarkson Wolff.

	Close	High/Low	Prev.
Jan.	883.5/881	885/880	880/878
April	950/943	945/944	945/943
July	824/821	821/821	830/817
Oct.	930/915	—	930/920
Jan.	950/935	—	949/921
April	1000/965	—	1050/960
July	920/820	—	1020/920
Oct.	1000/960	—	1000/955

Turnover: 66 (53).

POTATOES

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb.	76.80	73.50	78.00-74.00
Apr.	86.30	82.30	84.40-83.00
May	92.80	88.20	92.80-89.00

Sales: 1,581 (422) lots of 40 tonnes.

OIL

Thursday's late Brent and WTI price slide continued today. Brent prices softened 55 to 60 cents while Nymex opened 20 cents down for December and lost another 11 cents by 1.30 pm EST.

Within the petroleum products market naphtha and gasoil fell heavily over the day on the back of weak futures. Confidence also evaporated in prompt high sulphur fuel prices as supply outstripped demand. Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Dec.		
Arab Light	27.88-27.90	—
Arab Heavy	25.65-25.75	+0.05
Dubai	26.70-26.80	−0.025
Brent Blend	29.60-29.70	−0.575
W.T.I. (1pm est)	31.10-31.15	−0.325
Forcados (Nigeria)	29.80-30.20	−0.250
Urals (cif NME)	27.95-28.05*	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	273-276	—
Gas Oil	270-273	−4
Heavy fuel oil	145-147	−3
Naphtha	249-251	−4

* November Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Dec	267.75	−5.50	271.25-67.25
Jan	264.25	−5.75	268.00-64.00
Feb	260.25	−5.25	265.00-60.00
Mar	260.25	−5.25	255.25-50.25
Apr	240.50	−6.00	245.25-40.00
May	230.00	−7.50	256.00-30.00
June	229.50	−6.50	253.00-29.50
July	227.00	−6.25	252.00-27.00

Turnover: 1,987 (3,211) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel. (Close, change, business done): Dec 29.45-29.60, −0.51, 29.55-29.45; Jan 28.72-28.79, −0.40, 28.80-28.65; Feb 28.00, unchanged, untraded; March 27.30-28.00, unchanged, untraded; April 26.20-27.60, unchanged, untraded; May 25.13, unchanged, untraded. Turnover: 21 (71) lots of 1,000 barrels.

MARKET REPORT

Equities close week impressively with FT-SE index closing over 1400 level

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 28	Nov 7	Nov 8	Nov 18
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities build up a head of steam midway through the morning yesterday and later in the session moved to all-time highs. The market was initially slow to respond to the latest optimistic FT-CBI survey on distributive trades and Wall Street's overnight surge to a record level for the third time this week.

Leading Stores improved marginally but other blue chips were content to mark time until the Stores sector came alive on takeover speculation. Many predators were mentioned including Habitat and Dee Corporation, but Hanson Trust was most frequently named as the group ready to make a bid move. **British Home**, a popular share recently on talk of a pending offer from J. Sainsbury, became a prime candidate.

Completion of a large buying order for BHS touched off a wave of speculative inquiries amid rumours that a source outside the market was bidding for stock at 350p a share. A more likely assumption, however, was that a broking house had upgraded the group's profits potential. After rising to 340p, BHS closed 15 up at 338p. Sears also traded in brisk fashion with buyers taking the view that the shares had been overlooked.

Investors were drawn later to other market sectors. Oils in particular benefited from this week's spurt in spot prices to over $30 per barrel and leading issues subsequently scored double-figure gains. Food retailers were also impressive, although the plus signs here were generally smaller.

Mirroring the early mood, the FT-SE 100 Share Index displayed only minor movements before suddenly again breaching 1400 shortly after midday. It paused for some while before moving ahead more confidently to establish a closing gain of 12.2 at a record 1403.9. This surpassed Wednesday's closing high of 1396.9. The progress of the FT Ordinary Share Index was [illegible]ed by Plessey but it [illegible]ed an early loss of four [illegible] to end a net five points [illegible] 1086.1, only 2.7 short [illegible]nesday's peak of 1088.7.

[illegible]'s firmer trend, a reflec[illegible] the current strength of [illegible]es, imparted stability to [illegible]ed stocks after Thursday's depression. Revived light demand encouraged bear-covering and longer-dated issues recovered ¼ or so. Still interest-rate-prone, the shorts continued to drift easier but the losses were small.

Despite being oversubscribed on application, the £.00m issue of Kingdom of Sweden 9¾ per cent 2014 stock, went to a discount in first-time dealings. In £30-paid form, the price slipped to 29$\frac{1}{16}$ before closing at 29½.

Mercury up late

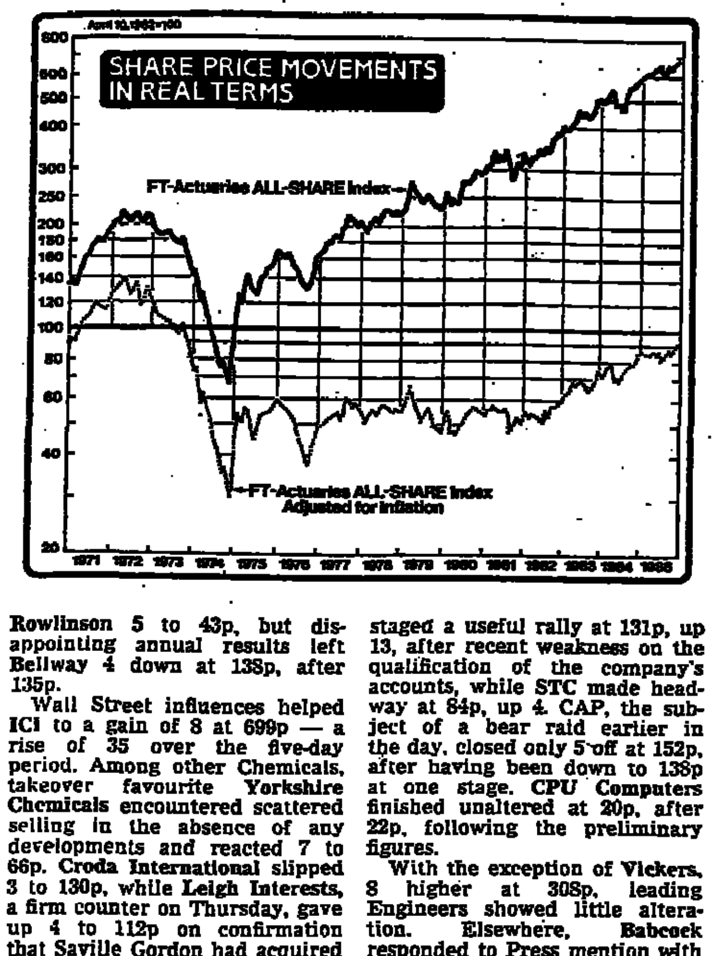
Mercury Securities responded [illegible] late flurry of buying with [a] jump of 70 to a 1985 peak of 750p: the rise was accompanied by revived speculation surrounding Mr Saul Steinberg's recently acquired 10 per cent stake in the company. Stockjobbing concern **Akroyd and Smithers** advanced 50 to 560p in sympathy. Elsewhere in merchant banks, **Hambros** put on 5 to 185p ahead of the interim figures scheduled for November 26, but **Hill Samuel** came on offer at 340p down 10. Investors returned for the major clearers and **NatWest** were notable for a gain of 10 at 703p. **Midland** put on 8 at 451p and **Lloyds** added 5 at 503p. **Barclays** improved 4 to 450p. In Hire Purchases, **Wagon Finance** added 8 at 97p following takeover chatter.

Comment on the excellent third-quarter profits helped **Royals** advance 20 more for a two-day leap of 53 to a 1985 peak of 783p. Other Composite Insurances recovered from a dull start to finish well up on the session. **General Accident**, which reported impressive nine-monthly figures last Wednesday, put on 15 afresh to 745p. **Commercial Union** dropped to 238p on further consideration of adverse comment in the wake of the quarterly results, but recovered to close a net 4 higher on balance at 247p. **Sun Alliance** firmed 14 at 571p, after 543p. Among Life issues, a broker's recommendation left **Prudential** 17 better at 767p.

Among recently-issued equities, money brokers **International City Holdings** again lacked support and fell 6 to 189p, but USM-quoted **Shandwick** attracted buyers and rose 10 to 190p.

Regional Breweries, heavily sold throughout last week following the Monopolies Commission ruling that any further takeover attempts in the sector would incur an automatic investigation, attracted "cheap" buying and consequently staged a useful rally. **Vaux** picked up 15 to 373p, while gains of 10 were common to **Wolverhampton and Dudley**, 365p, and **Greene King**, 225p. **Matthew Brown**, awaiting a fresh offensive from cleared suitor **Scottish and Newcastle**, touched a new high of 543p before settling 5 up on balance at 538p; the latter eased a couple of pence to 175p. **Distillers**, still anticipating a bid from Mr Jimmy Gulliver's **Argyll Group**, put on 2 more to 475p — an advance of 18 on the week. Argyll rose 12 to 340p.

Leading Building issues ended the session a shade firmer having been easier at the outset. **Blue Circle** edged forward to close 3 dearer at 578p, while **RMC** firmed 4 more to 496p for a gain on the week of 22. **Tarmac** finished 2 better at a year's high of 396p, while **Redland**, interim results due on November 28, hardened a penny to 349p. On the takeover front, **French Kier**, up 21 on Thursday following an unwelcome bid from C. H. Beazer, firmed 4 afresh to 249p on hopes that the latter will increase its offer. **Gleeson** continued to reflect the good annual results and added 2 more to 265p. Revived buying interest lifted **John Finlan** 4 to 68p and



Rowlinson 5 to 43p, but disappointing annual results left **Bellway** 4 down at 138p, after 135p.

Wall Street influences helped **ICI** to a gain of 8 at 699p — a rise of 35 over the five-day period. Among other Chemicals, takeover favourite **Yorkshire Chemicals** encountered scattered selling in the absence of any developments and reacted 7 to 66p. **Croda International** slipped 3 to 130p, while **Leigh Interests**, a firm counter on Thursday, gave up 4 to 112p on confirmation that Saville Gordon had acquired a 5.02 per cent stake. **British Benzol** attracted further speculative support at 28p, up 3, while **Wolstenholme Rink** revived with a gain of 8 at 213p.

Stores higher

Investors returned for leading Retailers following the optimistic FT/CBI survey forecasting a strong recovery in high street sales this month. **Marks and Spencer**, additionally helped by Press comment, closed 5 up at a 1985 peak of 187, while **Sears** ended a similar amount better at 115p, after 116½p; the latter's rise was also accompanied by vague takeover gossip. **Burton** firmed 7 to 590p ahead of Thursday's preliminary results, while improvements of 4 and 8 respectively were seen in **Dixons**, 954p, and **Gussies "A."** 882p. **Habitat Mothercare** hardened 4 to 520p. Elsewhere, **Blacks Leisure** rose 3 to 14p on speculative buying, while **A. Goldberg** continued to reflect the interim profits recovery with a fresh rise of 7 at 95p. **Acsis Jewellery**, on the other hand, fell 3 to 24p on news of the interim deficit and **Home Charm** lost 9 to 328p following small selling and lack of support.

Interest in the Electrical leaders was selective. **Plessey**, down to 122p initially following comment on the interim figures, rallied to finish without alteration at 126p. **GEC** attracted buyers and put on 8 to 172p following news of the debt insurance venture by GEC Finance. **Logica** staged a useful rally at 131p, up 13, after recent weakness on the qualification of the company's accounts, while **STC** made headway at 84p, up 4. **CAP**, the subject of a bear raid earlier in the day, closed only 5 off at 152p, after having been down to 138p at one stage. **CPU Computers** finished unaltered at 20p, after 22p, following the preliminary figures.

With the exception of **Vickers**, 8 higher at 308p, leading Engineers showed little alteration. Elsewhere, **Babcock** responded to Press mention with a rise of 5 to 169p, while comment on the interim figures helped **Staveley** rise 8 to 380p. **Laird Group** continued to attract buyers and put on 4 more to 221p. **Johnson Firth Brown**, 3 up at 24p, reflected news of the proposed capital reduction and sale of several subsidiaries.

Food Retailers improved on consumer spending hopes. **J. Sainsbury** figured prominently at 370p, up 8, while **Dee Corporation**, 255p, and **Kwik Save**, 238p, both firmed 2. **Bejam** added a couple of pence to 174p following the annual meeting, while **William Morrison** picked up 4 to 162p. Elsewhere, recent takeover favourite **United Biscuits** eased to 207p initially before picking up to close just a penny cheaper on balance at 210p. Late demand left **Unigate** 2 dearer at 216p. **Somportex** continued to reflect asset injection hopes and touched 176p prior to closing 2 better at 174p, a gain of 24 over the five-day period.

Beecham ease

Beecham, a dull market initially at 280p, rallied to close 7 down on balance at 286p following the announcement by the company that discussions are taking place with Pantry Pride on the possible acquisition by Beecham of Norcliff Thayer, an over the counter medicines and health products business. Among the other miscellaneous industrial leaders, **Boots** met with fresh support ahead of next Thursday's interim statement and put on 3 to 225p, after 228p. **Metal Box**, half-year figures due on Tuesday, hardened 3 to 550p. Elsewhere, **Parker Knoll A**, stimulated afresh by the pending Laura Ashley flotation, put on 22 to 274p. Better-than-expected preliminary results left **Barton Transport** 15 to the good at 180p, but profit-taking clipped 8 from **Cookson** at 375p. **Blundell Permoglaze**, a strong market recently on persistent bid speculation, eased to 141p before picking up to close only a penny lower on the day at 143p. Late demand left **Parkfield Group** 7 higher at 197p and **J. H. Fenner** 4 better at 130p.

Among Leisure issues, **Barr and Wallace Arnold Trust A** gained 5 to 135p on takeover hopes, but **Spectrum** shed 2 to 12p following poor annual figures. **Viewplan** found support and rose 9 to 82p.

Delyn Packaging, strongly supported ahead of the interim results, dropped 12 to 108p on news of the interim deficit. Elsewhere in Paper/Printings, **Lowe Howard Spink** gained 12 to 340p.

Leading Properties staged a modest revival following Thursday's setback. **Land Securities** edged up 3 to 321p and **MEPC** hardened a penny to 306p. **Hammerson A** improved 5 to 470p and **Haslemere Estates** the same amount to 525p. Elsewhere, **Londo and Edinburgh** rose 15 to 470p on news of the sale of its 33 per cent stake in the office development adjoining Billingsgate market to S. and W Berisford for £8.5m cash. **Stockley** shed a penny to 76p following the acquisition of the Paternoster property complex for £80m. Buying in restricted markets lifted **Jermyn** 8 to 148p and USM-quoted **Wingate** a like amount to 130p, but lack of support left **Apex** 7 down at a year's low of 73p. **Bairstow Eves** firmed 4 to 114p in reply to an investment recommendation.

John I. Jacobs, up 6½ at 62½p on speculative buying, provided an isolated firm feature in Shippings.

In a quiet Textile sector, **Courtaulds** softened a penny to 167p ahead of next Tuesday's interim results.

Stockjobbers **Smith Bros** featured Financials with a speculative rise of 9 to a 1985 peak of 210p. **Aitken Hume** attracted a late demand and finished 7 better at 185p, while **Britannia Arrow** edged forward a penny to 146p on hopes of an increased offer from Guinness Peat. **Exco**, in which Malaysian businessman Tan Sri Teck Puat acquired from the Kuwait Investment Office 53m Exco shares at 224p on Thursday to increase his interest to around 25 per cent, reacted to 232p initially on profit-taking before rallying to end the day a net penny dearer on balance at 229p.

Oils improve

The Oil majors attracted a fair measure of US and domestic support as North Sea oil spot prices moved above the $30 a barrel level and closing gains ranged into double figures. **British Petroleum**, third-quarter figures due next Thursday, rose 13 to 570p, while **Shell** improved 12 to 680p. **Britoil** were 5 dearer at 220p and **Lasmo** a few pence better at 245p. Selected second-line oil stocks to attract buyers included **Clyde**, 5 up at 60p and **Carless Capel**, the same amount up at 110p. **Caledonian** rose 20 to 310p in a restricted market, **Britoil** were 5 dearer at 220p while a late flurry of buying interest lifted **Pict Petroleum** 6½ to 105p. **Berkeley Exploration** gained 6 to 91p pending details of the possible merger with **Petranol**, 5 up at 135p.

A significant profits downgrading of **Polly Peck** by the company's stockbrokers, **L. Messel**, sent the shares down 32 to a 1985 low for the year of 173p; the **9 per cent Convertible Loan 03-08** dropped 18 points to £95 in sympathy.

Golds buoyant

South African mining markets, which suffered their first setback in six trading sessions on Thursday, resumed their upward momentum in good fashion. Sentiment in top-quality Golds, aided by a steady-to-firm showing in Johannesburg, improved afresh following support from both London and Continental sources. Dealers attributed part of the market's strength to a more relaxed international attitude towards the Pretoria administration.

Heavyweight Golds displayed gains to almost 3 points with **Randfontein** 2¾ up at £51½ and **Vaal Reefs** 2½ better at £44. Rises exceeding a full point were noted in **Free State Geduld**, £15¼ and **President Steyn**, £15. **Kloof** rose 33 to 543p while **Hartebeest**, the subject of UK "call" option business, put on 21 to 255p. Among the more marginal counters, **Leslie** improved 11 to 123p and **Elsburg** 10 to 19p. The FT Gold Mines index rose 19.1 to 283.0 for a gain of nearly 38 points on the week.

South African Financials mirrored Golds with **"Amgold"** 1½ up at £42½, and **Anglo American** 35 dearer at 765p; the latter's first-half figures are expected towards the end of the month. **De Beers Deferred** hardened a few pence to 300p, while Platinums made fresh progress under the lead of **Impala**, finally 75 up at 565p.

London-domiciled Financials featured renewed buying of **Consolidated Gold Fields**, which rose 12 more for a week's gain of 35 to 512p as hopes of a consortium bid continued.

Total contracts transacted in Traded Options amounted to 12,985. The FT-SE 100 index contributed 1,300 calls and 491 puts. Elsewhere, persisting talk of a consortium bid stimulated active trading in Consolidated Gold Fields positions with 1,499 calls done, the January 550s and 600s accounting for 677 and 546 trades respectively. Commercial Union remained likely with 618 calls and 304 puts struck, while GEC calls returned to favour and recorded 949 trades, 569 struck in the January 180s.

FINANCIAL TIMES STOCK INDICES

	Nov. 15	Nov. 14	Nov. 13	Nov. 12	Nov. 11	Nov. 8	year ago
Government Secs	83.02	83.95	†83.33	83.25	83.37	83.29	85.33
Fixed Interest	88.59	88.72	88.61	88.65	89.06	89.10	86.32
Ordinary ♥	1086.1	1081.1	1088.8	1074.6	1070.5	1082.5	920.0
Gold Mines	283.0	265.9	268.8	257.4	255.2	245.2	575.8
Ord. Div. Yield	4.42	4.45	4.42	4.48	4.48	4.44	4.64
Earnings, Yld. % (full)	10.97	11.04	10.96	11.11	10.99	10.89	11.18
P E Ratio (net) (*)	11.24	11.16	11.25	11.10	11.25	11.36	10.72
Total bargains (Est.)	24,645	25,351	25,275	25,204	26,390	25,920	19,418
Equity turnover £m.	—	722.60	544.14	485.61	425.57	594.88	284.64
Equity bargains	—	25,769	23,749	32,741	24,350	27,075	15,587
Shares traded (ml)	—	367.5	285.9	212.2	200.2	280.8	142.6

♥ 10 am 1076.5. 11 am 1077.1. Noon 1082.1. 1 pm 1084.1.
2 pm 1084.4. 3 pm 1084.5. 4 pm 1084.4.
Day's High 1086.1. Day's Low 1074.6.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35.
Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil=10.34.
† Corrected.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (16/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (5/1/75)
Fixed Int.	90.38 (28/10)	82.17 (28/1)	150.4 (28/11.47)	50.53 (3/1/75)
Ordinary	1088.8 (13/11)	911.0 (25/7)	1088.8 (13/11/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)

	Nov. 14	Nov 13
Daily Gilt Edged Bargains	139.8	132.1
Equities Bargains	154.0	163.9
Equities Value	1460.6	1099.8
5 day Average Gilt Edged Bargains	151.5	131.8
Equities Bargains	157.7	159.6
Equities Value	1120.1	1066.4

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 18	Nov 29	Feb 20	Mar 3
Dec 2	Dec 13	Mar 6	Mar 17
Dec 16	Jan 3	Mar 26	Apr 7

For rate indications see end of Unit Trust Service

...Money was given for the call of MS International, Readicut International, Abaco, Plessey, Polly Peck, Hartebeestfontein, Premier Oil, Bristol Channel Ship Repairers, Apricot Computers and STC. Puts were taken out in CAP, Burton and C. H. Bailey, while a double was arranged in Premier Oil.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, November 14, 1985

Office Equipment	+ 42.66	Insurance Brokers	+ 17.38
Stores	+ 42.03	Other Groups	+ 17.12
Shipping and Transport	+ 41.75	Food Retailing	+ 16.83
Metals and Metal Forming	+ 39.85	Industrial Group	+ 14.52
Motors	+ 39.22	All-Share Index	+ 14.23
Brewers and Distillers	+ 38.87	500 Share Index	+ 13.56
Insurance (Life)	+ 38.14	Health and H'sehold Products	+ 13.22
Insurance (Composite)	+ 31.77	Food Manufacturing	+ 12.90
Newspapers, Publishing	+ 29.21	Investment Trusts	+ 12.36
Contracting, Construction	+ 27.84	Leisure	+ 9.32
Packaging and Paper	+ 27.80	Property	+ 8.45
Merchant Banks	+ 27.54	Oils	+ 6.89
Telephone Networks	+ 27.50	Capital Goods	+ 0.16
Building Materials	+ 23.29	Electricals	− 1.23
Banks	+ 22.67	Chemicals	− 2.24
Textiles	+ 22.29	Mining Finance	− 5.95
Other Industrial Materials	+ 21.95	Overseas Traders	− 6.76
Financial Group	+ 21.78	Tobaccos	− 8.25
Consumer Group	+ 21.63	Electronics	− 34.46
Mechanical Engineering	+ 17.46	Gold Mines Index	− 44.09

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
95	F.P.	7/11	108	97	AMS Inds. 5p.	106	.....	bg1.25	6.0	1.7	17.2
—	F.P.	—	5	5	Bardsey Warrants	5	.....	—	—	—	—
185	F.P.	1/11	233	202	Britoil 10p	218xd	+5	t15.0	3.0	8.5	6.2
$1.71p	F.P.	—	69	68	China&Eastn.Inv $0.50	69	.....	—	—	—	—
—	F.P.	—	21	16	Do. Warrants	19	—2	—	—	—	—
‡90	F.P.	5/11	122	98	‡Colorgen Inc. $0.01	107	+2	—	—	—	—
100	50	6/12	54	52	Cont'l.Assets Tst.†75p	53½	—½	—	—	—	—
‡88	F.P.	8/11	96	89	‡Cowells	90	.....	bg2.6	2.6	4.1	13.2
160	F.P.	6/12	173	160	Davidson Pearce 10p	173	+1	bg2.5	3.7	2.1	18.6
95	F.P.	20/12	109	102	‡Ealing Electro. 5p	105	.....	bg2.2	4.3	3.0	11.1
120	F.P.	18/11	110	102	Fairbriar 10p	102	—2	bg4.0	1.6	5.6	9.4
100	50‖	—	49½	49½	German Sec. Inv. £1	49½	.....	—	—	—	—
‡72	F.P.	29/11	73	68	‡Gibbon Lyons 10p	68	.....	bd35.2	—	7.4	12.4
‡57	F.P.	11/12	67	61½	‡Hampden Home 10p	67	.....	bg1.5	2.8	3.2	16.2
‡94	F.P.	30/10	98	78	‡InfraRed $0.10	86	.....	Q8.15c	5.2	1.8	—
55	F.P.		54	52	INOCO 10p	54	+1	—	—	—	—
190	F.P.	—	206	189	Intl. City Hldgs.	189	—6	u9.0	2.2	6.8	7.8
‡62	F.P.	8/11	63	50	‡Just Rubber 10p	58	—1	61.74	4.3	4.5	22.2
114	F.P.	—	113	103	‡ Magnetic Materials	103	—2	u2.8	3.1	3.9	9.5
‡90	F.P.	—	97	91	‡Martin (Ronald) 10p	97	+1	bg3.27	2.2	4.8	15.2
‡67	F.P.	22/11	72	68	‡Metsec 10p	68	.....	bg24.6	—	5.2	11.5
§180	F.P.	25/10	187	155	‡Questel 10p.	160	.....	bg4.0	2.5	3.6	11.5
‡85	F.P.	8/11	100	90	‡Radius 5p	95	.....	bg2.66	3.1	4.0	13.2
¶330	F.P.	1/11	473	343	St. Ive's 10p	468	.....	bg8.0	2.2	2.4	18.1
‡175	F.P.	23/11	192	175	‡Shandwick 2p	190	+10	u3.68	—	2.8	23.6
100	F.P.	22/11	100	97	Strata Invs.	99	+1	—	—	—	—
‡118	F.P.	—	128	119	‡TMD Advertising 5p	123	.....	ug1.65	3.3	1.9	22.3
¶180	F.P.	20/12	212	195	Underwoods 10p	196	+1	bg1.65	3.0	1.2	38.9
**	F.P.	—	25	15	Vantage Secs. Wrrnts	24	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
87.305	£30	—	32⅞	29⅝	Australia 9½% Ln. 2012	30$\frac{1}{16}$	—$\frac{3}{16}$
‡91.443	£30	17/1	29⅝	27½	Bank of Greece 10¾%Ln. 2010	27¾	—⅛
	Nil	—	3½pm	½pm	Biomechanics 8% Cnv. Uns. Ln. 1991	5½pm	+2½
**	F.P.	—	113	100	Bremner 10% Cnv. Uns. Ln. 1995	110	.....
	F.P.	26/11	150	110	Brit. Benzol 13% Conv. Uns. Ln. 1995	150	+11
‡96.456	£25	27/11	28½	25⅝	Brixton Est. 10¾% 1st. Mort. Deb. 2025	26½	—⅜
¶100	£10	—	11½	11⅛	Chester Water. 8% Red. Pref. 1992	11½	.....
‡99.354	£40	3/12	44¼	40¾	Est. & Gen. Inv.11¼%1stMort.Deb.2018	42¾	.....
‡97.617	£25	31/1	27¾	25¾	Evans of Leeds 11% 1st.Mort.Deb. 2026	26	—¼
‡99.97	F.P.	29/11	101½	100	Hampton Tst. 11¼% 1st Mtg Deb 2025	100	.....
95.603	£25	10/1	25½	24½	Haslemere 10½% 1st Mort. 2016	24½	.....
88.466	£30	24/1	32½	29⅞	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	30$\frac{3}{16}$	—$\frac{1}{16}$
‡92.898	£25	31/1	24¾	23⅞	Land Securities 10% Deb. 2025	23⅞	—¼
—	F.P.	—	99$\frac{1}{16}$	99¾	Nationwide 11⅝% Bds. 20/10/86	99$\frac{1}{16}$	.....
—	F.P.	—	100⅛	99⅞	Do. 11⅝% 17/11/86	100⅛	.....
‡98.45	£25	21/2	25⅝	24¼	Peachey Prop. 10% 1st Mort. Deb. 2015	24¼	—¼
**	F.P.	22/11	115p	110p	Pittard 9½% Cum. Pref.	114p	.....
‡39.967	F.P.	19/4	40¾	39⅝	Safeway Deep Dis. Stepped Ln. 2011	39⅝	—⅛
¶87.25	£30	—	29½	29$\frac{1}{16}$	Sweden (Kingdom of) 9¾% Ln. 2014	29½	.....

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
55	F.P.	27/11	68	63	Brasway 10p	68	.....
25	Nil	—	17pm	15pm	Comm. Bk. Wales	16pm	—1
60	F.P.	21/11	94	75	Crowther (J)	89	—5
Dm458	Nil	—	495	435	Deutsche Bank Dm50	435	—58
106	Nil	10/1	24pm	20pm	Fisher (Albert) 5p	20pm	.....
100	F.P.	6/12	136	128	Garfunkels' Rest. 10p	132	.....
60	Nil	—	4pm	1pm	‡Pavion Intl.	3pm	—1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. H Dividend and Yield based on prospectus or other official estimates for 1986. *u* Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising 5 ordinary shares and 1 warrant.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (103)

AMERICANS (2)
BANKS (7)
BREWERS (1)
BUILDINGS (12)
CHEMICALS (1)
STORES (11)
ENGINEERING (6)
FOODS (3)
HOTELS (3)
INDUSTRIALS (20)
INSURANCE (4)
LEISURE (1)
PROPERTY (9)
SHOES (1)
TRUSTS (20)
OVERSEAS TRADERS (1)
MINES (1)

NEW LOWS (24)

AMERICANS (1)
Rexnord

BANKS (1)
Smith St Aubyn
CHEMICALS (1)
Amersham Intl.
ELECTRICALS (7)
Apricot Computers, Memcom Intl., Cifer, TDS Circuits, Datron Intl., Utd. Leasing, Kewill Systems
INDUSTRIALS (2)
Elkem AS, Utd. Guarantee
PROPERTY (3)
Apex Props., London Prov. Shop., Lend Lease
SHIPPING (1)
Mersey Docks Units
TEXTILES (1)
Hicking Pentecost
TRUSTS (1)
Plantation Trust
OILS (3)
Night Hawk Res., Warrior Resources, N. Sea & Gen. Inv.
OVERSEAS TRADERS (3)
Inchcape, Polly Peck Intl. 9pc Cnv. Ln. 2003-08, Polly Peck Intl.

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	63	13	32	151	216	173
Corpns. Dom and Foreign Bonds	7	30	45	66	92	252
Industrials	295	248	944	1,612	1,492	4,346
Financial and Props.	134	107	323	708	478	1,636
Oils	33	15	79	120	130	386
Plantations	—	1	17	6	10	74
Mines	78	11	98	309	161	465
Others	81	43	101	385	282	431
Totals	691	468	1,639	3,357	2,881	7,762

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Beecham	286	− 7	GRE	748	—
British Benzol	28	+ 3	Lucas Inds	470	+ 2
British Home Stores	338	+15	Mercury Sec	750	+70
CAP Group	152	− 5	Polly Peck Intl	173	−52
Commercial Union	247	+ 4	Royal Insurance	783	+20
General Accident	745	+15	Sun Alliance	571	+14

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Exco Intnl	30	228	+11	Logica	15	118	+ 4
Royal Insce	22	763	+33	Racal Electa	15	130	− 8
Gen Accident	19	730	+10	French Kier	14	245	+21
ICI	18	691	− 9	Glaxo	14	£15¼	− ¼
Brammer	17	366	+22	GRE	14	748	+ 7
Plessey	17	126	−14	Cns Gold Flds	12	500	—

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
ICI	126	691	+29	Distillers	92	473	+22
Beecham	121	293	−31	Lucas Inds	90	468	+25
Exco Intnl	102	228	+ 1	Bailey (C. H.)	87	27¾	+ 5¾
Glaxo	98	£15¼xd	+ ⅛	Burton	87	583	+ 8
Logica	96	118	−49	Royal Insce	84	763xd	+56
Cns Gold Flds	92	500	+32	TI	84	416	+20

S E DEALINGS

STERLING ISSUES BY FOREIGN GOVTS. & INTNL. INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS

(coupons payable in London)

[illegible]

CORPORATIONS—FOREIGN

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

هكذا من الأصل

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Grand Metropolitan 4½pcPf (£1) 42. 5pcPf (£1) 42 (13/11). 7½pcPf (£1) 101 (12/11). 10pcLn 1991-96 £93¼ 3 ½. 6¼pcPf (£1) 55 (13/11)

Great Universal Stores 5½pcLn £44. 7½pcLn 1985-88 £91 (13/11). 8¼pcLn 1993-98 £82½ 3¼ (12/11)

Grovebell 9pcPf (£1) 66 (13/11)

Guest Keen Nettlefolds (K) 6¼pcDb 1984-89 £85. 6½pcDb 1984-89 £87¾. 7½pcDb 1986-91 £88¼ (8/11). 7¾pcDb 1987-92 £87 (12/11). 10½pcDb 1990-95 £95 (13/11)

HAT 8pcLn 1990-95 £69

Hall Engineering (Hldgs) 5.55pcPf (£1) 66 (12/11)

Halliburton ($2.50) $25⅝ (11/11)

...

Spillers 7½pcDb 1984-89 £80 (12/11)

Stag Frn 10pcPf (£1) 103 (12/11)

Staveley Inds 7½pcLn 1986-91 £82 (13/11). 7½pcLn 1988-93 £78 9 (12/11)

Steel Bros Hldgs 9pcLn 1990-95 £85½ (8/11)

Stoddard (Hldgs) (10p) 17 (8/11). 4pcPf (£1) 30½ (11/11)

Stonehill Hldgs 10½pcPf (£1) 98 (8/11)

Sumner Products 5½pcPf (£1) 33 (13/11)

Sunbeam Wolseley 8pcPf (Ir£1) I£0.42 (8/11)

Suter (5p) 174 (12/11)

Swire (J.) 6.3pcPf (£1) 77 (8/11)

Symonds Engng (5p) 16 (12/11)

T—U—Y

...

Shires Investment New (50p) 208. Warrants 31½ 2. 11pcLn 2003-04 £113 (11/11)

TR Australia Investment Trust Warrants 96 7 (8/11)

TR Industrial and General Trust 4¼pcDb £53½ (13/11). 5¼pcDb 1992-97 £63 (12/11). 6¼pcDb 1982-87 £93½ (12/11)

TR Pacific Basin Inv Trust Warrants 339 (12/11). 4½pcPf (£1) 38 (8/11). 6¼pcDb 1997-2002 £66¼ (13/11)

TR Technology Investment Trust 5pcPf (£1) 44 (11/11)

TR Trustees Corp 3pcDb 1972-87 £89½ (11/11)

Throgmorton Trust 12⅝pcDb 2010 £107¼ (11/11)

United States Debenture Corp 4¼pcDb ... (13/11)

...

TMD Advertising Hldgs New (5p) (fp) 119 21 2 3 4 5

United Friendly Insurance B (res vtg) (10p) 415 9 (13/11)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 138
AOG Minerals 7½♦ (8/11)
Acmex Hldgs 57♦ (11/11)
Ahold NV £67½ (11/11)
Allflex Hldgs 105 (13/11)
Alltel Corp US$29⅞ (8/11)
Amatil 285 (8/11)
American Home Prods £40¾♦ (8/11)
American Standard £21⅛ (8/11)
Amgol 102 (13/11)
Ampol Exploration 127♦ 7 (13/11)
Amsterdam-Rotterdam Bk £23.20
Ashton Mining 46 (12/11)
Atlantic Richfield £44 ¼ ½
Aust Foundation Inv 85 (8/11)
Bagulo Gold 0 3.64 (13/11)
Bank of East Asia 180
Basic Res (Bahams) 80 2 (13/11)
Batu Kawan 91½ (13/11)
Bayerische Motoren Werke £153.40 DM 681
Beach Petroleum 38 (12/11)
Beatrice £29 (13/11)
Bell Group 515
Bell Inds 227 (13/11)
BP Canada £15¼
Brambles Inds 200 (8/11)
Brisa Intnl 625 (13/11)
Brown-Forman B £28½ (12/11)
Cent Kalgoorlie Gold Mines (A$0.25) 13♦ 13
Cent Norseman Gold 333 (13/11)
Cheung Kong Hldgs 186♦ 6
Coles (G. J.) 196
Cominco 576 (13/11)
Command Services 70 (12/11)
Commonwealth Edison £20
Conex Aust 2 (13/11)
Cons-Bathurst A £12½ (11/11)

...

Chester Water 7½pcDb 1991-93 £81‡ ¼‡ (8/11). 8pcDb 1992-94 £82¼‡ 3‡ (8/11)
East Anglian Water 3.5pc £39½♦
East Surrey Water 5.6pcPf £79♦
East Worcestershire Waterworks 3.5pc £39. 8pcDb £83 (8/11)
Eastbourne Waterworks 11.20pcDb £100¼
Essex Water 3.5pcPf £39 (8/11). 8pcDb £80 (8/11). 10pcDb £91¼. 10½pcDb £94 (12/11)
Lee Valley Water 2.8pc Ord £30½ (13/11). 6½pcDb £96 ¼ (12/11)
Mid Kent Water 8pcDb £84½ (12/11)
Mid Southern Water 3.5pc Ord £40½ (13/11). 7¼pcDb £80½
Mid-Sussex Water 4.9pc Ord £55½ (13/11)
Newcastle Gateshead Water 4.9pc £47 (8/11). 3.5pcPf £37½ 8¼ (8/11). 10pc Db £95¼
North Surrey Water 3.5pc Ord £40½ (13/11). 3.5pcPf £39 (13/11). 4pcDb £32 (12/11). 7½pcDb £82½ (12/11)
Rickmansworth Water 7½pcDb £81
South Staffordshire Waterworks 4.9pc Ord £51¼♦. 3.5pcPf £38½ (13/11). 4.2pcPf £86. 4.9pcPf £80. 5pcDb £38 (8/11). 7pcDb £87¼ (13/11)
Sunderland South Shields Water 3.5pc Ord £39 (8/11). 10pcDb £95½ (12/11)
Sutton District Water 3.15pcPf £30 (8/11)

UNLISTED SECURITIES MARKET

American Electronic Components (5p) 28 ½
Applied Holographics (wrnts to sub) 191 203
Biomechanics Intnl (10p) 21
Cannon St Invsts 7.7pcPf 1994-98 295 6‡ 7¼‡
Cobra Emerald Mines (ex-rgts) 720
Colorgen Inc ($0.01) 110 (11/11)
Cowells 90 (12/11)
Cramphorn (50p) 330 (11/11)
Edling Electro-Optics New (fp) 103 4 5
Eldridge Pope A (res vtg) (£1) 235 7 40
Gibbons Lyons Gp New (10p) (fp) 66½ 7 ½
Gibbs Mew 135 (12/11)
Gould (L) 107
Hampden Homecare New (10p) (fp) 65 6
Heavitree Brew 380 1½ (13/11). A (Lim vtg) 305
Horne (R) Gp A N-vtg (20p) 161
Hunterprint Gp 6½pcPf (£1) 84
InfraRed Associates ($0.10) 87
Intervision Video (Hldgs) (10p) 4 ½ 5
Just Rubber (10p) 55 (12/11)
Kenyon Secs 275 8
Magnetic Materials Gp New (10p) (fp) 100 2 3 4 5 6 7 8
Memory Computer 7.8pcPf 1994-98 (Ir£1) 135 8 40 2
Metsec New (10p) (fp) 68 (13/11)
Midsummer Inns (50p) 275 6½
Paul Michael Leisurewear (5p) 13 (8/11)
Pavion Intnl New (25p) (nil pd) 2½ 3 ½ ¾ 4 ½ 5. 3.85pcPf (£1) 50. 5.25pcPf (£1) 70 (12/11). 11pcLn 1994-2002 £147
Pericom (10p) 45‡ ½‡
Perkins (J) Meats (10p) 28 9
Property Tst (10p) 6½ 7
Opestel (10p) 158‡ 9¼‡ 60
Radius (5p) 88 90
Shandwick New (2p) (fp) 177

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Applications granted for specific bargains in securities not listed on any exchange

Airship Inds 23½ 4½. Do (1p) 23½ 4
All England Lawn Tennis Gnd £500 Dbs 1986-90 £14,000pc 100pc (12/11)
Ann St Brewery (£1) 600 3
Appleton (10p) 38 ½ (8/11)
Arsenal FC (£1) £525 35 (12/11)
Assoc Hotels (50p) 175
Astra Hldgs 175 8 (8/11)
Avesco (1p) 52 4 (13/11)
Bristol West BS 10¼pcBds £99.717pc .722pc (12/11)
Cambridge Instruments (5p) 115 7
Castletown Brewery 27½ 80 (11/11)
Central Hldgs (£1) 83½
Central ITV (50p) 205 15
Channel Hotels Props (10p) 110½ 2 (11/11)
Clayton Aniline 7¼pcLn 1985-90 £91pc ½pc
Crusts (10p) 176 7
DJ Security Alarms (10p) 45
Exchem (50p) 57½ 60 (8/11)
Explaura Hldgs (5p Fy Pd) 3¼ ½
Guernsey Gas Light (£1) 245 (13/11)
Hartley Baird (5p) 5 7 8 (12/11)
Harvard Secs (2p) 29¾ 30 (12/11)
Hill Woolgar (£1) 148 50 (12/11)
Hugin (10p) 175
Integrated Business (5p) 100 5 (11/11)
Intl Embryos (10p) 135 40 (8/11)
Jennings Bros 198 200 2½ (11/11)
Jersey Gas (£1) 200 (8/11)
Kunick Leisure (10p) 46 7 ½
Le Riches Stores (£1) 550 (8/11)
Liverpool FC (£5) £245 55 (12/11)
Lorne Expln (£1) 45
Manchester Utd FC (£1) 380 5
Mahr Overseas Inv Tst (10p) 13
Marlborough Tech Mgmt (5p) 185 (12/11)
Merrett (10p) 205 7 (13/11)
Midland City Prtnrship (10p) 153 4 5 (12/11)
Oldham Ests (50p) 92 3 (13/11)
Oodles (10p) 15 ½ (13/11)
Pittencrieff Pet (£1, 25p Pd) 32 (11/11)
Plymouth Hotel 155 (11/11)
Publishing Hldgs (5p) 23 4 (13/11)
Rangers FC (£1) £12 14
Severn Valley Rlwy (£1) 75 (12/11)
Shepherd Neame A (£1) 500 2½ (13/11)
Southern Newspapers (£1) 200½ 2 (13/11)
Star Offshore Services (50p) 25 (12/11)
Taddale Invs (10p) 8 ½
Tyne Tees TV (£-) 136 7 (12/11)
Utd Loan Corp (£1) 108 (13/11)
Utd Tst Credit (£1) 350 3 (11/11)
Wistech (1p) 14 6 (13/11)
Wolverhampton Racecourse 122 4 (8/11)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

(None)

(By permission of The Stock Exchange Council)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilts & Fixed Int.	111.3	117.7	−0.2	10.19
High Inc Equity	77.2	82.1	+0.1	6.02
Worldwide Bond	155.3	166.4	−0.2	5.82
Capital Growth				
American Growth	138.1	141.5	+1.1	2.82
Asian Pacific	46.8	50.6	−0.2	2.47
Assets & Erngs. Tt.	81.9	87.5	+0.2	2.83
Capital Reserve	60.4	60.7		
Commodity & Engy	67.2	72.2	−0.1	1.81
European Capital	58.5	62.2	−0.5	2.41
General	121.1	129.5	+0.3	3.28
Japan	153.9	165.4	−0.1	

Brown Shipley & Co Ltd (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	50.1	53.6		4.38
B.S. Accum.	82.6	88.4		4.38
Financial	107.6	115.0		2.68
German	25.2	26.9		2.00
Growth Accum.	153.9	165.5		
Growth Income	99.9	107.3		1.96
High Income	53.2	57.2		7.18
Income	61.2	65.9		5.8
North American	49.5	52.9		1.30
Orient	50.6	54.2		0.22
Recovery	30.1	32.6		3.30
Technology	109.5	107.8		0.76

Buckmaster Management Co Ltd (a) (c)
The Stock Exchange, London EC2P 2JT 01-588 2868

General Inc Nov 14	176.5	185.6		4.20
Accum Units Nov 14	274.3	288.4		4.20
Income Nov 13	79.5	83.7		5.70
(Accum Units) Nov 13	136.6	143.7		5.70
International Nov 12	100.9	105.3		2.70
(Accum Units) Nov 12	132.3	138.0		2.70
Smaller Co's Nov 15	861.0	920.1	−4.6	2.70
(Accum Units) Nov 15	903.2	966.3	−4.8	2.70

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood 0277 227300

G. & A.	98.2	104.1	−0.1	3.69

GT Unit Managers Ltd
8th Floor, 8 Devonshire Sq, London EC2M 4YJ
01-283 2575 Dealing: 01-626 9431

Capital (Inc)	78.4	83.9		1.9
Capital (Acc)	110.6	118.3	+0.1	1.9
Income	66.7	71.4	+0.4	6.8
Pension Exempt	126.0	132.0	+0.4	2.4
International	113.7	121.7	−0.1	1.0
U.S. & General	47.4	50.7	+0.4	1.3
Tech. & Growth	60.3	64.5	+0.3	1.0
Japan & General	139.4	149.1	+0.7	0.3
Far East and Gen.	72.2	77.3	−0.1	1.0
European	165.1	176.6	−0.9	0.7
German	48.9	52.3	−1.8	1.0

Gartmore Fund Managers (a) (c) (g)
2 St Mary Axe, London EC3A 8BP 01-623 1212
Dealing only: 01-623 5766/5806

American Trust	79.5	84.6	+0.9	0.25
Australian Trust	18.8	20.0		0.43
British Tst. (Accum)	48.3	51.4	−0.6	2.39

Legal & General (Unit Tst. Mngrs.) Ltd
5 Rayleigh Rd, Brentwood 0277 234634

Equity Dis.	233.0	249.2	−0.3	3.01
Equity Acc.	360.5	385.6	−0.6	3.01
Equity Income	50.6	54.1	+0.1	5.55
European	50.7	54.2	−0.4	2.31
Far Eastern	50.3	53.8	−0.2	0.93
Gilt	69.1	73.1	−0.3	6.42
Int. Managed	58.4	62.5	−0.1	2.13
Natural Resources	49.9	53.4	+0.3	3.75
North American	59.3	63.4	+0.3	2.37
UK Special Sits.	49.9	53.4		3.75

Leonine Administration Ltd
20 Copthall Ave, London EC2R 7JS 01-600 7595

Leo Distribution	202.4	212.9		0.01
Leo Accum	245.5	257.7		0.01

Lloyds Bk. Unit Tst. Mngrs. Ltd (a)
Registrar's Dept, Goring-by-Sea, Worthing, W Sussex
0903 502541 Dealing 0444 459144

Balanced	153.1	163.7		3.85
Do. (Accum.)	269.6	288.3		3.55

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

INSURANCES

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL — 0793 28291

Fixed Int. Dep. Acc.	210.0	221.1	----	—
Equity Acc.	541.2	569.7	----	—
Property Acc.	307.2	323.4	----	—
Far East Acc.	104.7	110.3	----	—
Managed Cap.	280.2	295.0	----	—
Managed Acc.	444.6	468.1	----	—
O'seas Earnings Acc.	354.6	373.3	----	—
Gilt Edged Acc.	243.7	256.6	----	—
American Equity Acc.	207.5	218.4	----	—
American Man. Acc.	151.1	159.1	----	—
American Prop. Acc.	121.1	127.5	----	—
Pen. F.I. Dep. Cap.	230.7	242.9	----	—
Pen. F.I. Dep. Acc.	348.6	367.0	----	—
Pen. Prop. Cap.	372.5	392.1	----	—
Pen. Prop. Acc.	621.9	654.7	----	—
Pen. Man. Cap.	556.4	585.7	----	—
Pen. Man. Acc.	927.8	976.7	----	—
Pen. Gilt Edg. Cap.	251.8	265.1	----	—
Pen. Gilt Edg. Acc.	343.2	361.3	----	—
Pen. Eq. Cap.	877.7	923.9	----	—
Pen. Eq. Acc.	1109.3	1167.7	----	—
Pen. Am. Eq. Cap.	117.7	123.9	----	—
Pen. Am. Eq. Acc.	125.4	132.1	----	—
Pen. Far East Cap.	117.8	124.0	----	—
Pen. Far East Acc.	125.4	132.1	----	—
Pen. B.S. Cap.	241.8	253.9	----	—
Pen. B.S. Acc.	355.7	373.9	----	—
Pen. D.A.F. Cap.	194.1	194.1	----	—
Pen. D.A.F. Acc.	254.4	254.4	----	—
Pen. Mortgage Cap.	108.9	114.7	----	—
Pen. Mortgage Acc.	116.1	122.3	----	—

Ambassador Life Ass. Co Ltd
80 Holdenhurst Rd, Bournemouth — 0202 292345

Equity Fd Acc.	106.8	112.5	----	—
Equity Fd Cap.	100.5	105.8	----	—

Barclays Life Assur. Co Ltd
252 Romford Road, London E7 — 01-534 5544

Barclaybond	303.2	319.2	+0.1	—
Equity Accum.	358.4	377.3	+0.1	—
Do. Initial	323.7	340.8	+0.1	—
Gilt-edged Accum.	189.0	199.0	−0.3	—
Do. Initial	172.2	161.3	−0.3	—

Confederation Life Insurance Co
50 Chancery Lane, WC2A 1HE — 01-242 0282

Life Funds

Managed Fund	309.0	324.2	----	—
Equity Fund	572.7	602.8	----	—
International Fund	187.5	197.3	----	—
Fixed Interest Fund	166.7	175.4	----	—
Property Fund	120.2	126.5	----	—
Index Linked Fund	108.7	114.4	----	—
Cash Deposit Fund	120.6	126.6	----	—
PIP Fund		1,961.2	----	—

Individual Pension Funds

Personal Pens Managed	298.7	314.4	----	—
Staffguard Managd Pen	298.7	314.4	----	—

Group Pension Funds

Group Mixed Pension	794.7	----	—
Equity Pension	1,291.1	----	—
International Pension	244.8	----	—
Fixed Interest Pension	632.0	----	—
Property Pension	470.7	----	—
Index Linked Pension	119.3	----	—
Cash Deposit Pension	161.3	----	—

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XN — 01-680 5225

Equity Acc.	257.6	271.2	+0.8	—
Property Acc.	244.8	257.7	+4.0	—
Int Acc.	170.7	179.7	−5.4	—
Managed Acc.	219.6	231.2	−1.1	—
Spec Sits Acc.	187.8	197.7	+0.8	—
Investment Tst Acc.	109.5	115.3	+6.2	—
Pen Int Acc.	181.2	190.8	−5.4	—
Pen Prop Acc.	913.7	930.3	+4.7	—
Pens Equity Acc.	388.7	409.2	+4.5	—
Pen Mangd Acc.	243.7	256.6	−1.6	—
Pens F & C Man Acc.	106.2	111.8	+1.3	—
Pens Inv Trust Acc.	128.7	135.5	+1.5	—

Prices for other funds available on 01-377 8682

Cornhill Insurance PLC
57 Ladymead, Guildford — 0483 68161

♦Equity Fd Nov 13	200.5	211.5	----	—
Fixed Int Nov 13	152.5	161.0	----	—
Man Growth Nov 13	426.0	448.5	----	—
Money Fd Nov 13	133.0	140.5	----	—
Cap Fd Oct 15		304.0	----	—
G.&S. Spec. Fd Oct 15		129.5	----	—

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INSURANCE, OVERSEAS & MONEY FUNDS

Australian Gen Mngt Ltd
48 Athol Street, Douglas, IoM — 0624 20845

Aust Gen Fund	46.05	48.70		—

Next dealing date: November 18

BIA Bond Investments AG
10 Baarerstrasse CH6301, Zug, Switzerland

Bwar SM October 30	SF10,925	11,500		—

BNP Inv Mgmnt (Jersey) Ltd
PO Box 158, St Helier, Jersey — 0534 76011

BNP Intercurrency Fund Ltd			
US Dollar	$10.18		—
Sterling	£10.26		—
DMarks	DM50.44		—
BNP Interequity Fund Ltd			
North American	$10.01	10.42	—
Far East	$10.41	10.85	—

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SF Fd	SF1.359	1.360		—
S-Baer, J BaerSFF*	$1.056	1.041	-2	—
DM-Baer, J.BaerDMFd*	DM1,021	1,026		—

*Plus charge

Bamford Brandt Guernsey Mngt. Ltd
PO Box 71, St Peter Port, Guernsey — 0481 26541

Tech and Comm.	$6.85	7.26		—
Pac. Eagle Fund	$34.65	36.76		—

The Bangkok Fund
Bangkok First Inv & Trust Ltd (Inv Advisors)
300 Silom Road, Bangkok, Thailand
NAV Nov13 BAHT 268,551.29 (US$10,009.94)

Bank of America International SA
35 Boulevard Royal, Luxembourg GD

WorldInvest Inc	$146.46	147.20		7.15

Valued weekly on Wednesdays

Barclays Unicorn International
1 Charing Cross, St Helier, Jersey — 0534 73741

Unigilt Trust	44.4	46.3		11.30
Uni-American Gwth Tst	$16.83	17.84		1.30
Unibond Trust	$92.60	95.37		9.80
ESig Multicrncy. Fd.	£11.26			10.39

EBC Trust Company (Jersey) Ltd
1-3 Seale St, St Helier, Jersey — 0534 36331

International Income Fund			
US$ Dep Short A	$1.5061	-0.0001	—
Do. Dist	$1.0062	-0.0001	—
Med.Cur.Sh't term B	$1.2821	-0.0015	—
Do. Dist	$0.9546	-0.0011	—
Eurobd.Long Term	$25.86		10.80

European Banking Traded Currency Fund*				
Income	$10.46	10.794	-0.021	8.26
Capital	$11.96	12.339	-0.021	8.26

*Offer price includes 3% prelim. charge

European Banking Company Income Fund*				
Income	$10.02	10.5310	-0.0005	—

*Offer price includes 5% prelim. charge

The English Association
16 Athol St, Douglas, Isle of Man — 0624 20738

E.A. Far East	$11.20	11.80		—

Next dealing Nov 22

Ermitage Management Ltd
19 Royal Square, St Helier, Jersey, CI — 0534 76007

External Fund	$21.39	21.60		—
Bond & Cash Fd	$10.37	10.44		4.05
Cash Fund	£21.16			—

Ermitage Management Cayman Ltd
PO Box 2192, Grand Cayman, BWI

Gam Ermitage	$16.98		—
Cayman Cash Fd	$11.45		—

Eurolife Assurance Group
5-11 Mortimer St, London W1N 7RH — 01-631 0778

Sterling Eurobond Fd	109.7		—
Intnl Eurobond Fd	109.8		—

S.G. Europe Obligations SA
9 Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury House, London Wall EC2M 5TA Tel: 01-920 0776 Telex 887281

Europe-Obligations	553.85	-0.09	1.02

Eurotax Investments Ltd

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.88	-0.06	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$11.30	+0.03	—
Dynamic Gwth Fd	$10.32		—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey — 0481 26268

Zero Bond Fund	$10.02	10.53		—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	94.4		26158	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	11.20	8.38	12.27	6mth
7-day Fund	11.49	8.59	12.60	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.95	8.11	11.93	6-Mth
7-day Fund	11.00	8.22	12.08	6-Mth
Dollar	7.62			6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Full Service Cur Acc	11.25	8.00	11.78	Qr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.00	8.22	12.11	Qr
Mth. Int. Chq.	11.000	8.22	12.18	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.50	8.60	12.78	mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	11.00	8.22	12.20	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
High Int Chq Acc	11.56	8.64	12.74	Qr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OFFSHORE AND OVERSEAS

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp.	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	15	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for March 1985: 366.1 and for October 1985: 377.1.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

1985 High	Low	Stock	Price $	+ or −	Div Gross	C'vr	Y'ld Gr's
22¾	11⅞	Amer Medical Int $1	15⅞xd	+¼	72c	—	3.8
20⅝	14	American T. & T. $1	15⅞	+⅛	$1.20	—	5.5
79⅝	61¼	Ameritech $1	68⅝	+¼	$6.60	—	6.9
25	15⅞	Amfacl	16⅝	.....	—	—	—
47p	20⅛p	♦AridTech§	24⅛p	.....	—	—	—
18⅝	919p	Bankamerica $1½	10⅝xd	.....	80c	—	5.4
60⅝	41⅞	Bankers N.Y. $10	48⅝xd	−¼	$2.70	—	4.0
12⅛	477p	BASIX Corp	641xd		12c	—	1.3
80⅝	60⅝	Bell Atlantic $1	68⅞	+¼	$6.80	—	7.1
34¼	25⅞	Bellsouth $1	31		$2.80	—	6.5
19¼	864p	♦Beth Steel $8	10⅝	−⅛	—	—	—
24	14⅞	Bowater Inc.	16	−⅛	72c	—	3.2
40⅞	31¼	Brown'g-Fer. 16⅔c	40⅞xd	+1¼	$1.08	—	1.9
37⅝	23⅞	Brunswick Corp.§	28⅝	+½	$1.00	—	2.5
39⅞	29⅛	CPC Intnl. 25c	35⅝		$2.20	—	4.4
25	16⅜	CSX Corp U.S.$1.00	19⅝	+⅛	$1.16	—	3.9
19¼	11⅛	CalFed Inc $1.00	16⅛	−⅛	32c	—	1.4
33⅝	25	Campbell Soup 30c	32	+¼	$5.00	—	11.3
31½	23⅞	Caterpillar Tractor§	25⅝	+⅛	50c	—	—
902p	551p	Centergy Corp. 25c	691p	+8	4c	—	0.5
52¼	35⅞	Chase M'hen $12.5	42⅞	−⅛	$3.80	—	6.4
32¼	25⅞	Chemical New York	28⅝	.....	$2.48	—	6.2
34⅛	22	Chesebrough-Pond's $1	28xd	−⅛	$1.92	—	4.9
32⅛	23⅞	Chrysler $6¼	30⅛	+½	$1.00	—	2.4
42⅝	27⅞	Citicorp $4	32⅞	.....	$2.25	—	5.0
10⅛	663p	CityFed Fin. Corp.	745p		40c	—	3.9
23⅛	16⅛	Colgate-P. $1	21½	+⅛	$1.40	—	4.7
57⅝	41	Colt Inds. $1	44⅝	+⅛	$2.50	—	4.0
661p	460p	Cont'l Illinois Corp $2	527p		—	—	—
159p	40p	Cont Illinois Hldgs $1	53p		—	—	—
238p	49p	♦Corporate Data Sscs.	61½p	.....	—	—	—
36¼	25⅞	Crown Zell. $5	28⅝xd	−⅛	$1.00	—	2.5
44¼	959p	Cubimet Silver $0.1	13	+⅜	—	—	—
90Lp	242p	Damson Oil 40c	245p	−19	—	—	—
29	15⅞	Dana Corp. $1	17⅛xd	.....	$1.28	—	5.3
67	22⅞	Data General	30⅝	−⅛	—	—	—
77p	16⅛p	♦Derma-Lock Medicl	16⅛p	.....	—	—	—

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
347	272	BPB Inds. 50p	347	.....	7.7	3.0	3.2	13.8
320	206	Baggeridge Brick	320	.....	6.25	3.7	2.8	13.8
32	20	Bailey (Ben) 10p	27	.....	0.25	—	1.3	—
60	25	Baldwin (H. J.) 10p	55	.....	—	—	—	21.6
120	66	Barratt Dev. 10p	114	−2	7.62	0.2	9.5	—
150	111	Beilway	138	−4	7.0	♦	7.5	♦
71	61	Benford M. 10p	64	.....	3.75	0.7	8.4	34.6
232	146	♦Berkeley Group	232	+7	43.6	3.6	2.2	17.7
76	50	Bett Bros. 20p	72	.....	43.1	1.6	6.2	12.5
910	540	Blockleys 20p	895	.....	†27.0	3.2	3.4	11.8
603	468	Blue Circle £1	578	+3	20.0	2.5	4.9	(9.2)
292	190	Breedon Lime	290	.....	†8.9	1.1	5.3	23.5
79	59½	Brickhouse Dudley 10p	71	+1	3.45	1.7	6.9	11.9
160	130	BB & EA	150		2.5	2.6	2.4	22.2
79	55	British Dredging	65	.....	2.5	2.1	5.5	12.0
79	63	Brownlee	70	−2	4.0	2.2	8.2	7.8
88	64	Bryant Hldgs.	83	.....	3.3	2.4	5.7	10.3
190	20	Burnett & Hallam	20#	.....	8.75	0.8	62.5	3.0
56	50	Cakebread Rby. A 10p	54	.....	3.1	1.9	8.3	9.3
81	50	Cement-Roadstone	73	−1	†06.62c	3.0	4.7	10.4
50	25	♦Chessminster Grp.	29		—	—	—	—
70	40	Conder Group	70		1.5	1.8	3.1	23.7
62	25	Copson (F.) 5p	37		1.5	1.1	6.0	21.0
526	394	Costain Group	490		†15.0	2.9	4.5	9.0
340	204	Countryside Props	328	.....	†5.74	5.8	2.7	8.3
116	84	Crouch (D.) 20p	112	+2	†5.39	1.4	6.9	14.4
114	62	Dew (George) 25p	113		45.7	2.2	7.2	8.9
81	47	Douglas (Robt. M)	80		1.75	2.6	3.2	(14.0)
25	16½	♦Dunton Group 5p	18½	−½	0.29	4.3	1.9	14.3
157	75	♦EBC 50p	138		†5.6	1.1	5.8	21.0

[illegible]

DRAPERY & STORES—Cont.

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
540	178	Owen Owen	525	+3	♦15.8	4.3	1.1	28.5
107	68	♦Pepe Group 10p	84		g3.0	2.6	5.1	10.8
97	56	Peters Stores 10p	76	+4	‡d2.0	—	‡	—
118	100	Preedy (Alfred)	112		3.87	1.4	4.9	21.3
170	126	♦Prestwich Hdgs 10p	164		b1.8	3.1	1.6	29.4
28	20	Ramar Texts. 5p	25½		†1.5	2.2	8.4	(6.3)
123	46	Ratners 10p	121	+1	2.5	1.3	3.0	37.5
39	23	Rayback 10p	37		†0.25	—	1.0	—
162	95	Reed Austin 'A' N/V.	154	−8	4.5	2.4	4.2	14.2
27	17	S&U Stores 12½p	26		—	—	—	21.6
48	33	Do. 31½pcPf. 12½p	35		3.94	—	16.1	—
180	118	Samuel (H.)	180	+5	4.27	1.0	3.3	46.7
91	73	Do. 'A'	88	+2	4.27	1.0	6.8	22.9
116½	78	Sears	115	+5½	†3.0	2.5	3.7	14.7
37½	13¼	Selincourt 5p	23		♦0.03	61.0	0.2	10.8
287	203	♦Share Drug 10p	280	−5	nd1.7	3.0	0.9	47.5
290	195	Simpson (S.) "A"	290		5.75	♦	2.9	♦
282	162	Smith (W. H.) A 50p	282	+4	5.0	2.7	2.5	20.7
77	42	Stanley (A. G.) 5p	70	+2	2.5	1.4	5.1	19.6
110	72½	Stead. & Sim 'A'	94		13.5	1.5	5.0	18.7
93	58	Steinberg 10p	85		2.2	2.3	3.7	14.5
91	65	Stirling Group 20p	86		1.05	6.3	1.8	13.0
38	16	Stormgard 10p	22		—	—	—	33.9
82	28	Sumrie 20p	32		—	—	—	—
500	375	Superdrug Strs. 10p	495		†4.2	4.2	1.2	24.8
170	119	♦T & S Stores 5p	160		g2.65	3.9	2.3	26.3
53	23	Telefusion 5p	51		41.3	—	3.6	—
60	40	Tern Group	47		1.25	0.2	3.8	—
59½	27½	Tonet Prods. 10p	50½	+1	†1.5	2.7	3.7	12.1
82	46	Top Value Inds 10p	64	−2	—	—	—	—

[illegible]

ELECTRICALS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

		Cons. Murch. 10c	80				
550	175	♦Ennex Int. Ir10p	215		0086½c	3.9	10.5
40	24	Greenwich Res.	32		—	—	—
123	90	Hampton Areas 10p	90		—	—	—
215	115	♦Highwood Res.	133		3.75	0.9	3.8
260	135	Homestake Mining $1	150		—	—	—
£22½	£15½	♦McFinley Red Lake	£16⅛	+⅛	Q20c	—	0.9
310	155	♦Musto Explorations	220		—	—	—
335	195	♦New Sabina Res C$1	277	+7	—	—	—
55	23	Northgate C$1	42	−1	—	—	—
375	195	RTZ	228		—	—	—
685	528	Do. 9½pcLn '95-2000	530	−2	†20.0	2.8	5.4
£145½	£116½	♦Tara Expln $1	£119½	−½	Q9½%	14.0	8.2
980	882		908	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100		Fin. 13% 97/02	£106½	
Craig & Rose £1	800		Arnotts	220	
Finlay Pkg. 5p	54		CPI Hldgs	67	+4
Holt (Jos) 25p	710		Carrol Inds.	139	
IoM Stm. £1	77		Dublin Gas	85	
			Hall (R. & H.)	60	
IRISH			Heiton Hldgs.	22	
Fund 11¾% 1988	£100¾	−⅛	Irish Ropes	45	
Nat. 9¾% 84/89	£95¼		Unidare	112	

"Recent Issues" and "Rights" Page 14

FINANCIAL TIMES

Saturday November 16 1985

Tin council considers bank's crisis plan

BY STEFEN WAGSTYL

THE INTERNATIONAL Tin Council yesterday set up a working group to consider the latest financial rescue plan for solving the crisis in the London tin markets.

It will look at proposals by Standard Chartered Bank and report to another emergency council meeting on Wednesday. But any immediate settlement of the ITC's debts to bankers and London Metal Exchange brokers seems unlikely because many of the council's 22 member governments are reluctant to provide the loan guarantees the banks are demanding.

Meanwhile, fears grew that the crisis might lead to long and costly legal disputes as two LME traders resorted to the courts. Maclaine Watson, a subsidiary of the US financial house. Drexel Burnham Lambert, is serving a winding-up petition on MMC Metals, the broker owned by the Malaysia Mining Corporation, which announced this week that it was suspending operations on the LME. Maclaine claims that is owed £13.9m. Neither company was available for comment yesterday.

In a separate action, J. H. Rayner (Mincing Lane), part of the S. and W. Berisford group, has applied to the courts to obtain the release of tin warrants held by National Westminster Bank as custodian. These warrants for an undisclosed amount of tin are understood to have been financed by Rayner and held as security. Neither the bank nor the trader would comment further.

The council, which runs a price pact between exporter and importer states, yesterday ended its third emergency meeting since the crisis blew up on October 24, when the council ran out of money for supporting tin prices.

The proposals from Standard Chartered Bank, one of the council's 16 creditor banks, are the latest in a series of rescue packages. The bank is offering to lend up to £550m for three years to meet the tin council's outstanding commitments to buy tin from metal traders. In addition, all the 16 banks are offering to renew for a year their existing loans to the council of about £350m, used to finance a tin metal stockpile.

Mr Peter Graham, Standard Chartered's deputy chairman, said the bank was itself offering to lend all the new money needed so as to speed up negotiations with the tin council. It had been encouraged to do this by the Bank of England, which has played a guiding role in the bankers' talks.

Standard had discussed with other banks selling down parts of the loan once it was in place, but no firm commitments had been asked for or given, said Mr Graham.

The full size of the loan will only be known when tin trading has reopened and the value of the tin the ITC is committed to buy has become clear. The total would be less than £550m since this figure is based on the assumption that the tin price falls to zero.

Standard Chartered is insisting on tough conditions for its money. It wants government guarantees from the tin council's members and a deposit in tin to 10 per cent of the value of the loan.

Also, the LME is being asked to put up cash guarantees for 10 per cent of the new and of existing, bank loans — a maximum of £90m—to which LME traders are likely to agree.

The tin council's members will find acceptance much harder. But, as one delegate said: "This is the banks' opening gambit. You don't expect them to give money away."

Yesterday delegates agreed to discuss the proposals with banks and exchange traders. Hopes that an alternative plan for refinancing the council might be tabled by the leading exporters —Malaysia, Indonesia and Thailand—were dashed when Indonesia said its Cabinet had not approved. Malaysia and Thailand had done so.

The UK, alone in having pledged to pay its share of the debts, has failed so far to persuade even its closest allies, the other European Community countries, to do the same. However, Mr Leon Brittan, the Trade and Industry Secretary, last night urged other states to start negotiatting towards an orderly resumption of tin trading.

Beecham may buy US medicine maker

By Tony Jackson and Paul Taylor

BEECHAM, the UK pharmaceuticals and consumer products group, is holding talks with Pantry Pride of the US about acquiring its Norcliff Thayer subsidiary. The price may be up to $400m (£282m).

Norcliff, a leading US manufacturer of over-the-counter, non-prescription medicines, was acquired by Pantry Pride earlier this month as part of its $1.8bn purchase of the US cosmetics group, Revlon.

Norcliff owns the second biggest US antacid brand, Tums, and the fast-growing Oxy acne treatment. Sales and profits have not been disclosed.

It is understood that Pantry Pride would prefer to sell Norcliff along with Reheis, a fine chemicals subsidiary claimed to be the world's largest manufacturer of active ingredients for anti-perspirants and antacids. The two companies were to have been sold to the US pharmaceutical group, American Home Products, for $350m before Revlon's takeover by Pantry Pride.

Beecham is understood to want to buy only Norcliff Thayer, for a price estimated at about $280m. A $400m purchase price, observers believe, would put considerable strain on Beecham's balance sheet.

Beecham has built up a considerable portfolio of health products in the US through a series of acquisitions dating back to 1971.

Sales in 1984 by the Revlon division which comprises Norcliff, Reheis and some diagnostic products were $247m, an increase of 3 per cent on the year before. Operating profits were 15 per cent higher at $32.2m.

Beecham rejected suggestions that the proposed purchase of Norcliff was connected with the surprise resignation earlier this week of Beecham's chairman, Sir Ronald Halstead. The company said: "Prior to his resignation, Sir Ronald was wholly in favour of this possible acquisition."

American Home Products declined to comment on the Beecham move, or to indicate whether it was still interested in acquiring Norcliff and Reheis. Beecham shares fell by 7p yesterday to close at 286p.

Government confidence on prices boosted by 5.4% inflation rate

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S annual inflation rate fell sharply last month to 5.4 per cent, reinforcing the Government's confidence that the pace of price rises will continue to slow.

The Department of Employment said yesterday that the index of retail prices rose by 0.2 per cent in October, an increase small enough to push the year-on-year inflation rate down from 5.9 per cent during the previous month.

The fall was seen as in line with the Treasury's prediction earlier this week that inflation would average 5¼ per cent in the last three months of the year compared to the peak of 7 per cent in the early summer.

Mr Keneth Clarke, the Paymaster General, predicted a further downward shift early next year as recent declines in the cost of manufacturers' raw materials fed through to retail prices.

The rebound in sterling's value in the spring and weak international commodity prices led to a 4.6 per cent fall in manufacturers' input costs in the year to October, the steepest reduction on record.

The Government expects the reduction to prompt a drop in retail price inflation to about 3¾ per cent by the middle of next year, and for annual prices rises to stay at about that level for the rest of the year.

Its optimism over prospects for the first half of the year is shared by most independent economists, but there is less confidence outside the Tresury over the outlook for later in 1986.

Although raw material costs have been depressed, buoyant earnings have meant that manufacturing industry's unit labour costs have been growing at an annual rate of between 6 per cent and 7 per cent in recent months.

The subdued pace of retail price rises in October was largely due to a 3.2p per gallon cut in petrol prices and a small reduction in mortgage costs, which partly offset higher prices for beer, consumer durables and clothing.

The department said the index stood at 377.1 last month (Jan 1974=100) compared to 376.5 in September. The tax and price index, which measures the impact of both price and tax changes on incomes, rose by 4.3 per cent in the year to October to stand at 191.4 (Jan 1978=100).

Haughey rejects pact

Continued from Page 1

and that it was time for action. However, there are no early signs that the province will face widespread action similar to the workers strike of 1974 which led to the ending of the power-sharing executive.

The signing of the deal will not automatically bring the SDLP into the present Stormont Assembly. The party has boycotted it since it was elected in 1982 and Mr John Hume, the party leader, ruled out participation.

Mr Hume, in a lengthy and considered response said the agreement removed the justification for the use of violence to achieve Irish unity. The British Government had stated that if a majority wanted Irish unity it would not only facilitate it but support it. Indeed, Britain had admitted there was no British interest, strategic or otherwise, in being in Northern Ireland.

The SDLP could not enter the present assembly because it had made an electoral commitment to boycott it and intended to keep that commitment.

However the party was ready, against the background of the agreement to negotiate with Unionists about sharing responsibility for certain functions within Northern Ireland but it would be on the basis of full power-sharing.

Sinn Fein, the political wing of the provisional IRA, reacted predictably with a dismissal of the agreement.

Mr Gerry Adams, MP, its president, said: "The formal recognition of the partition of Ireland is a disaster for the nationalist cause and far outweighs the powerless consultative role given to Dublin."

He said it would not alter the republican campaign. Sinn Fein still believed peace could only be achieved through British disengagement.

The biggest loyalist paramilitary group, the Ulster Defence Association, said in the short term it would leave it to politicians to use constituitonal means to end the agreement. However, if that failed, loyalists would take other steps, most likel ya campaign of civil disobedience.

The Protestant Orange Order said the deal was "a sell-out," but urged Protestants not to resort to violence.

The Provisional IRA murdered a policeman with a land mine near the border, and the outlawed Protestant paramilitary group, the Ulster Freedom Fighters, threatened to kill members of the secretariat which will serve the new joint conference.

Peter Riddell writes: The agreement was welcomed by the leaders of the Labour and Alliance parties, who also warned Northern Ireland politicians against threatening or condoning violence.

Mr Neil Kinnock, the Labour leader, welcomed the announcement which he said represented a modest step forward. He urged the Government to engage in an extensive programme of consultation and reassurance in both the communities of Northern Ireland.

Thatcher

Continued from Page 1

Speaking at a joint Press conference yesterday, Mrs Thatcher called on Unionists to work for an end to violence.

"I am a unionist and loyalist myself," she said. "We entered into the agreement in good faith, to end the violence.

"The declaration of closer co-operation will help end the violence and we will translate it from a declaration into deeds."

Unionists owed it to the security forces to work with, rather than against, these ends, she added.

Dr FitzGerald insisted this was an agreement in which there were "no victors nor any losers."

He urged critics everywhere to "look at and evaluate this agreement . . . for what it is" and not as those committed to promoting conflict might present it.

And in a thinly veiled aside to Mr Charles Haughey, leader of the Irish Opposition, he stressed that the agreement was firmly rooted in the New Ireland Forum Report, which all constituional Irish parties had signed.

In Washington, President Ronald Reagan and Mr Tip O'Neill, Speaker of the House of Represntatives, warmly endorsed the agreement.

The President said: "I will be working closely with the Congress in a bi-partisan effort to find tangible ways for the United States to lend practical support to this important agreement."

S. Africa

Continued from Page 1

supported by a majority of each of the racial groups."

The postponement of the November 26 meeting nevertheless disappointed a number of bank creditors which have been seeking changes in the moratorium rules to ensure equal treatment of all creditors.

Among the changes sought are the inclusion in the standstill of export credit guaranteed by foreign governments, which is currently being serviced normally, as well as technical modifications covering certain money market instruments such as bankers' acceptances, the treatment of which remains unclear.

Bankers say they are anxious for further discussions to take place before they have to start drawing up their accounts for 1985.

Yesterday's development has tended to reinforce the view of mank bank creditors that a rescheduling agreement is still a long way off even if it is now clear that South Africa would like to put a formal arrangement in place quickly.

A common view expressed after the last creditors' meeting in October was that most banks would be unwilling to sign any agreement without far-reaching progress on political reform.

Asked whether the delay was intended to give the government time to come up with reforms proposals capable of satisfying the expectations of foreign creditors, Dr Stals replied he had received no indications of this.

He also denied reports that the committee had uncovered total public and private sector debt in excess of the $24bn already announced.

A questionnaire has been sent to all South African foreign borrowers and, on the basis of the 80 per cent of returns received so far, indications are that the total debt figure is slightly lower than $24bn, Dr Stals said.

Rapid rise in use of computers by industry

By Raymond Snoddy

NEARLY 60 per cent of UK engineering plants are using or about to use computers for manufacturing-related purposes. In addition, British industry is spending twice as much on computerisation as on machine tools.

The increasing spread of computers throughout UK industry is reported in a survey sponsored by the Trade and Industry Department and leading computer companies which is due to be published next week.

It shows that last year's plans for £500m to be spent on computer hardware were exceeded easily. In 1986 UK industry plans to spend a further £600m on hardware and £250m on software (compared with £200m on software in 1985).

Mr John Butcher, Under Secretary for Industry, commenting on the survey, said many experts believed the UK was leading Europe in the take-up of computers for engineering purposes.

"Since 1983, the value of installed computers has grown from £750m to over £2bn—a staggering achievement in such a short time. It is also encouraging to see that this growth is expected to continue," Mr Butcher said.

Conducted for Engineering Computers magazine, the survey involved inquiries at more than 2,000 companies. Mr David Potts, the magazine's editor, said that after experimenting with micro-computers, industry was now moving on to more powerful mini and mainframe computers.

The most common use of computers in industry is in manufacturing management, including production control. Mechanical design and production engineering are the next most common uses.

Computer-aided design and drafting is, however, the fastest growing application. Since 1984, over a third more plants have computerised drafting, design calculation, engineering analysis and modelling tasks. The number of users has grown by 56 per cent and the projected growth for next year is 100 per cent. That will mean nearly 3,000 UK engineering plants running computerised drafting system.

This year the number of UK engineering plants using computers for engineering purposes has risen to 9.510 compared with 8,545 last year and the number of computers installed has risen from 27,704 to 39,391.

The IBM personal computer is industry's most popular micro with Apricot taking second place.

Continued from Page 1

City fraud

Tory MPs who are also worried about the possible political impact on the Government.

The letter comes as the Government is preparing the Financial Services Bill, due to be published next month.

At the Stock Exchange and Lloyd's there is concern about the apparent lack of action by the office of the Director of Public Prosecutions in cases involving alleged fraud.

The Stock Exchange has been furious about implied criticism that it is not doing enough to bring alleged fraudsters to book and that its own evidence for cases is inadequately prepared.

At Lloyd's there is frustration that inspite of successfully disciplining members of the market there has been no action by the authorities and the Director of Public Prosecutions.

The office of the Director of Public Prosecutions is studying more than a million documents in connection with alleged frauds at Lloyd's.

THE LEX COLUMN

Whatever next from Beecham

What is Beecham up to? The week that began with the removal of its chairman and continued amid a reversal of market sentiment has ended with the announcement of Beecham's largest potential acquisition to date. Whether the events are connected, as Beecham strenuously denies, is rather beside the point: the market, watching with all the confidence of a passenger on a cruise ship without a pilot, dropped the share price 7p to 286p yesterday.

The acquisition target is none other than the old crown jewels of Revlon, for which American Home Products offered $350m as part of a lock-up arrangement thrown out by the Delaware Supreme Court. The crucial difference seems to be that Beecham is interested in taking only part of the package from Revlon's new owner, Pantry Pride. The purchase of Norcliff Thayer, with its few but strong brand names, has all the features of a classical Beecham consumer products acquisition while Reheis, a fine chemicals manufacturer, does not.

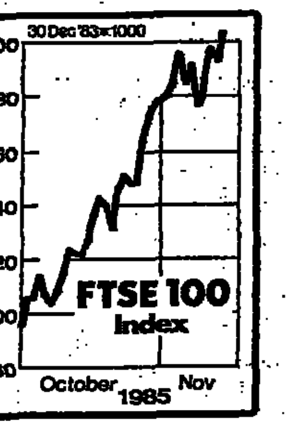
Pantry Pride is evidently keen to run off the huge burden of debt it took in in acquiring Revlon, but even so Beecham will presumably need to outbid AHP. And a price of perhaps $400m implies a sizeable multiple of the combined division's earnings: together with some bits and bobs, it made an operating profit of $32m in its last full year. The possibility that Beecham could persuade PP to split the deal, or sell off Reheis itself, probably belies some of the most bearish estimates of the ensuing balance-sheet strain; but even an extra £200m in debt could constrain developments on the pharmaceutical side now that cash is flowing out and a rights issue scarcely credible.

The market has other fears. The purchase is hardly likely to do much for earnings per share, which fell at the interim stage. Equally, there is little enthusiasm for another mature consumer products business at a time when Beecham's entire strategy here is being questioned. Above all, with evident management problems at Jovan and difficulties in US home improvement business, there must be doubts whether Beecham is ready to take on such a large commitment.

Equities

It does not take much more than a glance at the recent fizzy progress of the London equity market to raise a doubt or two. An 8 per cent rise since the

Index rose 5.0 to 1086.1



beginning of October without a great deal of hard fact to raise expectations or valuations has understandably set off a few warning bells in stockbrokers' offices. Although few are sending out advice to liquidate holdings outright and depart for the Bahamas, some of the most respected firms have started to advocate "top-slicing" of institutional portfolios; and the size of the latest unexpected gains is such as to make the audience listen.

The erratic nature of trading over the last couple of weeks suggests, indeed, that some funds are not merely listening, but acting on the advice; strong days currently appear to be succeeded by flurries of selling. Yet the prevailing attitude of fund managers seems mainly to be that of unwillingness to jump off the merry-go-round while it is still going round so fast. In sharp distinction to the actual level of bid activity, there is a very high volume of takeover tattle. Since the IXL bid for Allied Lyons, the boundaries of speculative plausibility have suddenly expanded, since rumoured bidders for the likes of Cadbury Schweppes or United Biscuits no longer have to be relatively large companies with known sources of finance.

Given a strong retailing run into Christmas, there is no reason why the stores sector should not help to provide the market with a good profits story as well, though the sector multiple is already over 20 times historic earnings. But the need to find cash for nearly £5bn of privatisation sales next year may eventually start to provoke selling from funds that have been investing the whole of their cash flow in UK equities. Meanwhile, the yield gap between equities and index linked gilts has seldom been so narrow.

TSB postponement

Among the more cheerful pieces of news for the equity market this week was yesterday's official postponement of the TSB flotation. Whatever the actual flow of cash to investing institutions, their freedom to bid up the value of existing stocks can only be increased by the disappearance of a £1bn issue. Previously in the calendar for February, the TSB cannot reasonably reappear until the legal questions about its ownership have been settled.

With all haste in the Scottish courts—the TSB may need a little luck to get an early slot in the appeals list—it is unlikely that the sequence of trials will be completed before early January. If it can, there may be a remote chance of reviving the February issue date. Any later, and the sale may bump into some of the Government's own offerings; by April there is not merely the BT call to worry about, but the impending British Airways take-off. Then come the summer doldrums, followed by British Gas. If the case were to go in favour of the Scottish litigant depositors, moreover, it would become necessary to dust-off forgotten plans for alternative ownership structures. The flotation date thereafter is anybody's guess.

Exco

In asking for the resignation of its joint broker, De Zoete & Bevan, Exco International appears to be shooting the messenger. It is easy to see why Exco should feel irritated by the sudden arrival on its shareholders' register of an investor who may have both the money and the inclination to make a full bid. But if any organisation is to be held responsible for this misfortune, it must be either British and Commonwealth, which initially sold the stake through De Zoete, or the Kuwait Investment Office, which passed it on at the double to Tan Sri Khoo Teck Puat, the present owner. No one emerges with much credit from this game of pass the parcel. The KIO's quick turn has hardly embellished its reputation, while B & C has sacrificed £4.6m by turning down Mr Khoo's original offer. De Zoete has merely executed a bargain on behalf of one client and been fired for its pains by another. Exco's other broker, Grieveson Grant, will no doubt be treating its client with even more respect in future.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Treas 10pc 1992	£99½	+ ½	Mercury Securities	750	+ 70
Akroyd & Smithers	560	+ 50	Parker Knoll A	274	+ 22
Argyll Group	340	+ 12	Royal Insurance	783	+ 20
Barton Transport	180	+ 15	Sainsbury (J.)	370	+ 8
Blacks Leisure	14	+ 3	Sears	115	+ 5½
Brit Home Stores	338	+ 15	Shell Transport	680	+ 12
BP	570	+ 13	Smith Bros	210	+ 9
Cons Gold Fields	512	+ 12	Staveley Inds	380	+ 8
GEC	172	+ 8	Vaal Reefs	£44	+ 2¼
Goldberg (A.)	95	+ 7	Vaux	373	+ 15
Greene King	225	+ 10	Wagon Finance	97	+ 8
Hartebeest	255	+ 21	FALLS		
ICI	699	+ 8	Beecham	286	− 7
Lon Edinburgh Tst	470	+ 15	Delyn Packaging	108	− 12
Marks & Spencer	187	+ 5	Polly Peck Intnl	173	− 52
			Yorkshire Chems	66	− 7

WORLDWIDE WEATHER

UK today. Northwesterly winds. Cloudy with rain. England and Wales will start bright and dry.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	Dallas†	R	9	48	Madeira	F	19	66	Peking	S	8	46
Algiers	C	23	73	Dublin	S	4	39	Madrid	F	9	48	Prague	F	1	34
Amsdm.	R	3	37	Dbrvnk.	S	13	55	Majorca	C	14	57	Reykjvk.	R	5	41
Athens	S	22	72	Ednbgh.	C	6	43	Malaga	R	21	70	Rhodes	S	22	72
Bahrain	S	25	77	Faro	F	17	63	Malta	F	21	70	Rio J'o		—	—
Barclna.	F	10	50	Florence	F	10	50	M'chstr.	C	7	45	Rome	S	16	61
Belfast	S	2	36	Frankft.	S	1	34	Melbne.	F	17	63	Salzbrg.	S	2	36
Belgrd.	C	3	37	Geneva	C	2	36	Mx. C.		—	—	S F'cisco		—	—
Berlin	F	2	36	Gibraltar	C	17	63	Miami†	R	24	75	Singapr.	F	29	84
B'arritz	S	10	50	Glasgow	F	6	43	Milan	S	9	48	S'tiago		—	—
Bmghm.	F	7	45	G'nsey	F	9	48	Montrl †	F	−5	23	Stckhm.	C	−1	30
Blackpl.	F	8	46	Helsinki	Sn	0	32	Moscow	Sn	−1	30	Strasbg.	C	0	32
Bombay	S	32	90	H. Kong	S	25	77	Munich	S	0	32	Sydney	F	20	68
Bordx.	S	7	45	Innsbrk.	S	1	34	Nairobi	F	26	79	Tangier	C	16	61
Boulgn.	F	9	48	Invrnss.	F	5	41	Naples	S	14	57	Tel Aviv	S	27	81
Bristol	S	9	48	I.o.Man	F	8	46	Nassau		—	—	Tenerife	S	23	73
Brussels	C	5	41	Istanbul	F	11	52	Nwcstl.	C	5	41	Tokyo	S	15	59
Budpst.	S	5	41	Jersey	C	6	43	N Delhi	S	24	75	T'ronto†	F	0	32
Cairo	F	23	73	Jo'burg	S	29	84	N York†	F	7	45	Tunis	S	20	68
Cardiff	S	8	46	L. Plms.	F	22	72	Nice	F	10	50	Valencia	F	10	50
Cape T.	S	30	86	Lisbon	S	14	57	Nicosia	F	22	72	Venice	S	8	46
Chicago†	C	4	39	Locarno	S	6	43	Oporto	S	13	55	Vienna	S	3	37
Cologne	S	4	39	London	C	9	48	Oslo	F	−1	30	Warsaw	C	1	34
Cpnhgn.	S	4	39	L. Ang.†	F	10	50	Paris	F	7	45	Zurich	C	1	34
Corfu	S	20	68	Luxmbg.	C	−1	30	Perth	C	19	66				

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain.
S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

WEEKEND FT

Saturday November 16 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

To those against blood sports, hunting is barbaric. To those in favour, it is simply a way of life not understood by city folk. With the season in full swing, **Ian Hamilton Fazey** goes to investigate.

The deer hunters

Ian Pollock

THE kill would come soon now. The stag, seven miles on from where the hounds had found him again, was slowing with fatigue. The hounds were closing and behind them came the field, riding steadily at a canter. On the road above the River Yeo the foot followers who had successfully second-guessed the stag kept a parallel course to the chase in a crocodile of vehicles.

As the leading hounds caught sight of their quarry they started to accelerate. The front of the crocodile speeded up to reach the next bridge so the foot followers could reach the river bank. The field was coming on at a gallop.

The hounds started producing that cacophony of barking known to hunters as "music." The stag was at bay, halted in a circle of hounds on a little mud beach just short of Bottreaux Mill. They held him there as the human hunters rode or ran in.

He fell dead to a single shot while most of us were still 50 yards away, scrambling through the brambles. It was the first deer I had seen killed. He was a magnificent specimen with emergent third points at the top of each antler.

It had taken more than six hours from start to finish. The hunt had given up for the day when the deer was found again almost by accident, laid up in cover where the A361 approaches the Devon market town of South Molton. A pall of gloom lifted immediately as riders scrambled to re-mount and foot followers ran for their vehicles.

After the kill there was a tangible release of tension. It was easy to sense a general feeling that went beyond mere satisfaction—and dishonest to pretend one did not share in it. People and hounds had worked well together to outwit and defeat the wiles of the deer.

But there was no bloodlust, no killing for the sake of it, no sense of participation in anything barbaric. It had taken a great deal of skill for deer are good at eluding hounds by running, stopping to listen, laying up, confusing the trail of their scent with that of other deer, or dissipating it by running through water.

It would be wrong to say that all levels of society were represented in that final gathering of 30 or so. But a cross-section of Exmoor's country community was there, along with visitors (some of them well-known) from many parts of Britain and riders from the U.S., who had come to see the Devon and Somerset Staghounds at work. At the meet, the start of the day's proceedings, there were *more than 100 riders and followers.*

Outrage and revulsion are the emotions so often associated with stag hunting. But the fact is that, for those of us who were there, killing this deer was a consummation, a climactic event that stirred something deep in one's being. The feeling seemed universal. Barriers of reserve fell away as people chattered with their neighbours, touched by the experience.

Anyone writing in the non-hunting Press risks unpopularity and worse with such frank approval of the wilful destruction of animals. Hunting's opponents claim that more than two-thirds of the general population want field sports banned.

At a time when hunting is under siege as never before, it may also help to explain hunting's appeal, which is not understood by most city dwellers. For although there are opponents in the countryside they are a minority where hunting is part of the way of life (and not just for upper-class landowners).

If you go out with a few hunts other than the highly fashionable Quorn or Belvoir it soon becomes obvious that hunting is the country people's sport. In the Devon and Somerset border country it goes much deeper than that: it is an inextricable part of the regional economy.

For this is Britain's hunting country. There are three packs of staghounds and more than six of foxhounds. Exmoor itself teems with game and wildlife.

The countryside in the area is archetypal England, with hedgerows galore, oak woodlands, and rolling downs that provide natural grandstands from which to survey hundreds of combes covered with bracken, heather and trees. There is no sign of the hunts getting the upper hand: with so much cover and food the animals can outbreed their losses with ease.

Staghunting, though, is the central issue of the anti-hunting campaign not only in the area, but nationally. Most people believe that a ban on staghunting would be the thin end of the wedge, threatening foxhunting, minkhunting and, eventually, other country sports such as shooting and fishing. The battle over staghunting has been joined vigorously and has this year reached a crucial phase.

But first consider the moral issue of the killing itself. The stag I saw die was doomed anyway. Even the most effective of hunting's opponents, the League Against Cruel Sports, accepts the need to cull the red deer of Exmoor. With no natural predators—the wolf is long since extinct—the deer can breed to the fullest extent.

Deer are browsing animals. Farmers say that loose in a field of turnips they will take a bite from every one and ruin the whole crop. On and around Exmoor, where farming is the most important industry but marginal because pasture is often expensive to produce, a dozen hinds can eat a lot of grass when they emerge from the woods at dusk to feed. Meanwhile, young trees have no chance against them.

The Exmoor herd is about 1,000 strong, with 600 in Devon and Somerset territory. Last season the hunt killed 92 on 100 hunting days — though 30 were already "casualties," mainly wounded or damaged by incompetent poachers, according to Mr Pat Lloyd, the hunt's secretary. The Quantocks Staghounds killed 39, 20 of them casualties, and the Tiverton Staghounds 41, four of which were already damaged.

An effective cull, however, according to authorities on the herd, would involve killing 350 animals a year to keep the population stable and damage to acceptable levels. Mr John Bryant, of the League Against Cruel Sports, therefore says that hunting is a poor means of control. Instead, he would have the deer stalked and shot by professional marksmen employed by the state. He believes the kill is quicker and would involve less suffering.

This raises the question of the extent of suffering caused by the hunt. Only one deer is hunted at a time. The animal is selected by a man known as a harbourer, familiar with the local portion of the herd, who watches the deer near their cover for days before the hunt, looking for a likely one to cull.

Between August and the start of the rut in October, this will be an old stag, one with a full head of antlers. The hunt pauses during the rut but from then until the end of February, only hinds are hunted. Then in the spring, any stag is prey, the hinds being left alone to produce new deer in June.

The hunt, then, is systematic, not random. If the hounds start pursuing the wrong animal they are called off. Since an animal has no conception of its own death, the hunters maintain that it is just moving away from hounds, horses and people and has no understanding of being hunted. Having watched hunted deer closely, four times from within 20 feet as they passed, they did not seem very concerned about what was happening, other than to lope on looking for quieter cover.

It is also important to realise that when caught, a deer is not killed by hounds, as some opponents believe, but shot humanely when the hounds have surrounded it and brought it to bay.

The question is not the killing but the means. The hunters believe that social and political attitudes lie behind the campaign against them. That the Labour and Liberal parties would both ban hunting with dogs (Mr David Steel, the Liberal leader, incidentally, is a shooter) demarcates the political divide. It is anti-Tory to oppose hunting, though it is certainly not the case that all Conservatives support it or all Labour voters are against.

The stances of the political parties have clearly defined the league's strategy and principal tactics. "The day of the hunt saboteur is over," says Mr Bryant, of the league. "Most of us have been saboteurs in the past but are so no longer. Hunting can only be banned by parliament. That is now the main arena for our fight. Our greatest hope is Neil Kinnock."

How this squares with Labour's concern over jobs is difficult to see. According to Captain Ronnie Wallace, master of the Exmoor Foxhounds, "In this part of the world, hunting is one of the major industries of the countryside."

It is not just the direct jobs involved—each hunt employs eight to 10 people full time—but the indirect revenue that is generated. Mr Martyn Lee, master of the Taunton Vale Foxhounds, is also co-owner of the White Horse Inn at Exford with his mother. In the past three years they have invested about £250,000 modernising the hotel rooms and all facilities. The White Horse is one of the most famous hunting inns in Britain. It was in one of its bars in 1930 that hunt supporters formed the British Field Sports Society (BFSS). Hunting trophies and paintings adorn the walls.

The White Horse also provides 16 jobs for the village, putting more than £50,000 a year of wages into the local economy. Exford's other famous hunting inn, the Crown, employs a similar number. These are significant figures in rural life. The Government's main agency for generating jobs in the countryside, the Council for Small Industries in Rural Areas, says that a handful of jobs in a village can be compared in economic impact with hundreds in a town because a much higher proportion of the community is affected.

A similar picture applies to the tourist industry as a whole on and around Exmoor. In the summer, when there is no hunting, it caters mainly for family holidays; for the rest of the year, hunt supporters are the mainstay of revenue. Mr Arlin Rickard, until recently master of the Devon and Cornwall Minkhounds and the BFSS's main spokesman in the West Country, says: "It's not just a sport and way of life; hunting is a livelihood for many people."

The Cobham Report, a survey carried out three years ago for the Standing Conference on Country Sports, found 54,000 fishing clubs, shoots and hunts. Nearly 3.75m people fished, 591,000 shot game and wildfowl, 4,000 stalked deer and at least 214,000 followed the hounds.

Cobham estimated annual direct expenditure on country sports at £1bn a year, generating indirect expenditure of £800m. At least 45,000 were employed directly full-time, with a similar number of full-time, indirect jobs. Produce for sale amounted to £17.4m of game, £3.8m of fish and £3.6m of venison. The Masters of Foxhounds Association says the sport produces 13,032 direct and 26,810 indirect jobs.

Both sides in the debate are being polite to each other and repudiating their extremists. Mr Bryant for the League Against Cruel Sports, says that saboteurs and animal libbers who are prepared to be violent to humans can hardly claim moral superiority in defending animals.

On the hunters' side the repudiation is of those on the fringes of the sport, who have supported clandestine dog fighting and cock fighting. It may be significant that hare coursing, the one sport most hunters accept will be banned, is principally a working class betting activity. The quarry is in decline and offers no threat. But hare coursing is seen as an expendable rearguard by hunt supporters.

In Devon and Somerset the league also has another strategy — buying small packets of land and declaring them sanctuaries. Mr Bryant admits that it would be impossible to buy enough land to stop hunting. The main value of the policy is tactical, causing nuisance and disruption to the hunts.

This year the league scored a telling legal victory in successfully prosecuting hunt masters for trespass by hounds. The fine was small but the costs, which the Devon and Somerset Staghounds had to raise by national appeal, are expected to amount to £60,000.

To avoid contempt of court, hunts have to take all reasonable steps to prevent hounds trespassing on the league's 20 sanctuaries. If a deer runs towards one, the hounds are called off.

It is held locally that while the sanctuaries have deterred the hunt from some areas, the effect has been less than the league sought. With no cull in some combes and woods in or near the sanctuaries, poachers have many easy targets and can do well in the black economy with venison and trophies. The latest poaching technique is to go into the woods at night with lamps and dogs and drive the deer towards the nearest road. Here they are run down with Land Rovers and loaded in the back. If stopped, the driver claims that he hit the deer by accident and is taking it to the vet. He kills it when he has it under cover.

But what would a ban on hunting do for the red deer of Exmoor? Local farmers say it will render them extinct because the farmers will start shooting them in large numbers. There is social pressure not to shoot deer now, as farmers are legally entitled to do if they catch them committing damage.

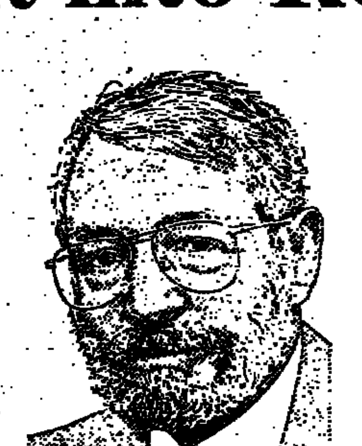
Take that pressure away, says one deer expert, and the herd would be extinct within five years.

Clearly, there is no simple issue and surely not one to decide from within our pet-littered towns and cities. Hunting and country life are inseparable. Yet most city dwellers would separate them, in spite of the obvious libertarian dilemma between telling rural people how to behave socially while expecting them to rear animals for urban tables and freezers. Perhaps only the vegetarians would have the right to pronounce on the issue with certainty.

The Long View

How Britain bit into Reagan's pudding

If the President's experiment works, he will have done the whole world a signal favour, says Anthony Harris. If it fails, look for a deep financial shelter. The dollar will collapse and a lot of banks with it.



MOLIERE's M. Jourdain, as you will remember, suddenly discovered he had been talking prose all his life without knowing it. I know just how he felt. Last week's column about the public sector balance sheet was intended as a voice-from-the-wilderness piece; now, it looks more like consensus-speak.

Everyone from the veteran Lord Stockton to the left-wing of the Labour Party suddenly is concerned with national assets, while almost every circular that has emerged from the City since the Chancellor's statement on Tuesday agrees in treating tax cuts financed by asset sales as reflation. Mrs Thatcher, who in her interview with this paper on Thursday persisted in arguing that she is not reflating, never would reflate, and that it wouldn't work *if she did*, is now the voice in the wilderness.

The whole debate, though, is in danger of getting into a dreadful muddle, because it contains three ideas which are quite distinct—the asset question, the borrowing question and the reflation question. The merits or demerits of privatisation can be discussed without any reference to whether Keynes was right or wrong about reflation; you can even run down assets in a deflationary way, or build them up in a way which boosts demand

Let us start with Lord Stockton, who has lost none of his old skill in grabbing attention for what he has to say. Unfortunately, the surprise of finding even a one-nation Tory talking about nationalised industries as if they were the family silver has generated more heat than light, with Mr Lawson explaining that privatisation is intended to improve efficiency and Mrs T. reminding her predecessor that, when he was plain Mr Macmillan, he did it too.

This may all be very true, but it is surely beside the point. The image in Lord Stockton's mind was something out of Restoration drama—for example, the young hero of "School for Scandal" selling off the family portraits to keep the money-lenders at bay. This is indeed a rake's progress.

The issue here, of course, is not about selling assets but about what is done with the money. Selling assets and using the proceeds to pay off the debt that financed them is a simple issue of change of control. Selling off assets to finance current spending leaves you poorer. It is like the difference between selling a house and paying off the mortgage, or selling the house and paying off the butcher. You would be left if you could get away with it, with pure unsecured debt; and this Government, unlike a householder, can and does get away with it.

However, there is a third choice, as the Autumn Statement showed. You can sell off the silver and invest the proceeds in double glazing—in other words, use asset sales to finance capital formation.

The whole of the increase in asset sales that Mr Lawson announced will go to finance higher public spending, and at least part of this will go to the capital account—overdue refurbishment of the housing stock, more roads, and the like. So far as the balance sheet is concerned, this is perfectly all right—a simple portfolio switch.

Economically, though, it can be regarded as a large net benefit. If you are a follower of Keynes (or, on this issue, of the Confederation of British Industry), you will say that this is a job-creating switch. In the course of privatising and reinvesting, you employ people, who would otherwise be drawing the dole, to repair houses or build roads.

That part of the spending which is financed by higher borrowing or asset sales is what Keynes would call reflation; that part which is paid out of savings in dole payments, and taxes paid by contractors, is what even Milton Friedman might admit is the nearest we can find to a free lunch. Myself, I think it's common sense: Mrs T denies that it makes sense, but does it all the same.

However, creating new public assets is not the only way of reflating. You can also feed money into the economy through tax cuts, leaving taxpayers to do the extra spending: and that clearly is what Mr Lawson hopes to do. The rationale here is not to be found in a crude balance sheet of public sector assets and liabilities, but a more sophisticated discounted cash flow version.

The old Keynesian consensus argues that where an economy is working below capacity, an injection of demand, whether through spending or tax cuts—and whether financed by borrowing or asset sales—will raise the level of activity in the economy, and thus raise the future flow of tax revenue. President Reagan is a leading exponent of this view. His economic adviser, Mr Beryl Sprinkel, visited London this week to remind us of the game plan. You cut taxes hard to stimulate growth; you then hold public spending constant, and in due course growing revenue will catch up with spending again. On this view, deficit finance can be sound finance.

The proof of the pudding is in the eating. Assuming first that you are actually able to stabilise state spending programmes (the record suggests that the President can but Mrs T can't), you have to see if the growth you stimulate is self sustaining (the jury on the US economy is still out) and also if it is fast enough to overtake the growth of debt interest involved in heavy borrowing. If Mr Reagan's experiment works, he will have done the whole world (and the memory of Keynes) a signal favour. If it fails, look for a deep financial shelter. The dollar will collapse, and a lot of banks with it.

Where do we stand? Mrs T, who equates reflation simply with borrowing, says we stand pat; but this is simply bad accounting, like trying to measure company expansion simply by examining the bank overdraft. According to the unanimous view of the City, we have now embarked on a modest experiment in Mr Reagan's economics. A modest experiment might well work better than a bold one, if it does not demand the impossible. Proper, discounted cash flow public sector accounts would certainly help us to judge.

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• MARKETS •

Drifting Beecham could be target for predators

IT WAS an optimistic Mr Lawson who stood up on Tuesday to deliver his Autumn Statement. The economy is expected to grow by 3 per cent in 1986, compared to this year's 3½ per cent and the inflation rate is forecast to fall from its present level of 5.9 per cent to 3¾ per cent by the fourth quarter.

The tenor of the address was possibly more bullish than the market had been expecting though there was little within the body of the speech that was not already known, or at least suspected, by the City. Some economists may feel a touch sceptical about some of the Chancellor's arithmetic but the overall package certainly did no harm and added extra support to a market trading with the All-Share very close to 630.

Yet equities are already discounting most of the bullish factors Mr Lawson laid before the country this week so there is not much chance of a dramatic surge forward. The market continues strong but there is still the thought that any disappointing news on the oil price or from the foreign exchange markets might cause a short term setback.

The stunning story of the week came out of Beecham with the abrupt departure of Sir Ronald Halstead, who resigned as chairman after just 15 months in office. Beecham's poor performance was given as the reason for his exit and to endorse the point the interim figures were hurried out showing pre-tax profits barely changed at £148m.

Outside Beecham it is difficult to appreciate what exactly has been going on behind the scenes. The results are below expectations but they could hardly be described as disastrous and the move against Sir Ronald might be seen as premature.

But his background was in the consumer products division and, while pharmaceuticals has been the laggard in terms of profits for some while, it is actually consumer products which are letting the group down despite an improvement in half time trading profits of 7.8 per cent against under 1 per cent for the drugs business.

The point is that nobody expected fireworks from pharmaceuticals but consumer products was supposed to be providing the profits growth and the cash to fund drug development. Augmentin is not destined to be a blockbuster and while a number of products are coming on stream Beecham really needs something of the potential of Glaxo's Zantac to get it into the growth league again.

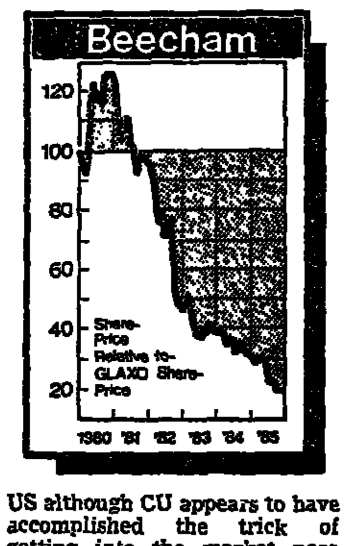
As the chart shows Beecham has hardly been the favourite son of the health-care sector and now, with no more than £300m pre-tax in prospect against earlier forecasts as high as £375m, the shares have very little chance of enjoying the buoyancy that may spill over into Fisons and Glaxo when Welcome comes to market. Indeed, if the shares drift much further Beecham could even attract a bid — buying companies in the US might just make it a little bit harder for a predator to swallow.

The surprise to come out of the clutch of third quarter

London

results from the composite insurance sector this week was not the dull figures from Commercial Union, with a profit of £8.2m in the lastest quarter leaving the nine months still trailing in the red by £3.9m, but the dramatic improvement at Royal. Its profits leapt to £34.4m for the three months against £9.4m, a much sharper increase than the market had anticipated. General Accident made up the week's trio with third quarter profits of £12.7m against £6.8m which was fairly much as expected.

The general message was one of continued recovery in the



US although CU appears to have accomplished the trick of getting into the market near the top and retreating at the worst possible point. It will miss out on much of the upswing the others can look forward to although, in fairness, there was not much else the group could do but cut back its US exposure if it was to avoid a rights issue.

Canada is gradually getting better and the UK is turning up quite nicely, apart from the dreadful motor account which seems to be a perennial heartache for the composites.

In the light of the third quarter numbers, full year forecasts for CU and GA need a little tweaking but Royal needs a wholesale reappraisal. Royal could make £50m pre-tax this year compared to £30m for GA and £15m for CU and the continued recovery could take Royal to £165m in 1986 with GA on £120m and CU at £100m—forecasts which must remain open to a fair amount of adjustment as the quarters roll by.

Looking at the companies' asset bases they should be able to absorb increased activity without need for rights issues to maintain solvency margins leaving share prices scope to display some relative strength unhindered by fears of equity calls. GA and Royal may be shares to buy but CU could be left behind—just as it was in the recent rise.

There has been no stopping Lucas shares in recent months. Takeover rumours have been buzzing around and the news in early September of a two year pensions holiday, saving £20m a year, added a tenth to the market capitalisation within hours. Even Monday's one-for-four rights issue to raise £89.4m could not dampen the market's enthusiasm and the shares kept right on climbing though admittedly Lucas was able to soften the blow with some surprisingly good full year figures.

Pre-tax profits jumped by 77 per cent to £57.8m, earnings per share more than doubled and the dividend was raised by almost 30 per cent. It was all much better than the market had hoped for although the picture was not totally without blemish. The heavy costs of rationalising the group come below the line with a £37.8m extraordinary charge leaving net profits of £3.2m towards a dividend cost of £11m.

The heavy loss-making UK electrical operation accounted for the lion's share of the extraordinary charges. There are a lot more cutbacks and closures to come but even so the best that can probably be expected of UK electrical this year is reduced losses (last year it was around £25m in the red) with thoughts of break-even reserved for the year after.

Despite the drag of electricals the automotive division performed well with profits up from £10.5m to £27.2m. But it is aerospace, profits up from £16.7m to £24.1m, that Lucas will rely on to provide solid growth for the near future. The Tornado and Airbus projects should keep profits there rolling up by 15 to 20 per cent a year for some while.

So this year something around £100m pre-tax could be achieved. Interest charges will be lower, thanks to the rights proceeds, electrical losses will be reduced, other areas should keep heading up and there is £20m of saving on the pension contribution. The prospective p/e of between 7 and 8 looks cheap but, of course, the pensions holiday will not be there for ever and there is still a lot more rationalisation to be done.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
F.T. Ordinary Index	1,036.1	+ 3.6	1,088.8	1,088.8	Chancellor's optimism supports tone
F.T. Gold Mines Index	283.0	+37.8	536.9	217.6	Firm Financial Rand/stock shortage
Abaco Invs.	23	+ 8	23	11	Brit. & Commonwealth acquire stake
Amersham Intl.	283	−42	380	283	Disappointing interim results
Beecham	286	−40	390	285	Disappointing interim profits
Berkeley Expln.	91	+18	145	70	Merger talks with Petranol
Brammer	360	+28	405	277	Sale of Neve Electronic
Cons. Gold Fields	512	+35	582	400	Consortium bid rumours
Deritend Stamping	170	+25	170	106	Carclo increases stake
French Kier	249	+29	258	117	Bid from C. H. Beazer
Goldberg (A.)	95	+18	95	42	Interim profits recovery
Greene King	225	−31	252	146	MC proviso dampens bid speculation
ICI	699	+35	880	630	Revived institutional demand
Lucas Inds.	470	+22	478	246	Good annual results/rights issue
Plessey	136	−16	212	116	Disappointing half-year profits
Redfearn Natl. Glass	115	+25	118	65	Recovery in annual profits
Regalian Properties	370	+60	370	74	Excellent interim results
Royal Insurance	783xd	+77	183	516	Excellent third-quarter profits
Somportex	174	+24	176	19	Asset injection hopes
Wolver. & Dudley Brew.	365	−45	413	270	MC proviso dampens bid speculation

Hoping for the best of health

NEXT WEEK will be notable in the history of Granville and Co, the London issuing house and corporate finance specialist. After 13 years as a leading market-maker in over-the-counter stocks — formerly under the title of M. J. H. Nightingale and Co — Granville will for the first time be bringing a company to the Unlisted Securities Market.

Most flotations on the USM so far have been sponsored by stockbrokers: the merchant banks, although handling the majority of issues on the main market, have been responsible for less than a third of USM listings.

This is partly because some merchant banks have tended to stand aloof from the market, and partly because small companies coming to the USM have found them too expensive. Many companies, faced in any case with the requirement to appoint a broker to handle relations with the stock exchange, feel it makes sense to ask his corporate finance department to handle its sponsorship, too.

Granville is a merchant bank which has raised more than £45m for client companies over the past five years and this, along with its experience in over-the-counter dealings, makes it seem only natural that it should enter the USM sponsorship business.

What seems to have prompted the move at this particular stage is Granville's perceived need to broaden the range of financial services it has to offer in preparation for the Big Bang next year. Its aim is to shrug off its over-the-counter dealer tag and establish itself as the leader in the provision of investment banking services for smaller companies.

The company with which it is making its debut on the USM is interesting in its own right. Going by the somewhat cumbrous title of West Yorkshire Independent Hospital, it owns and operates a private hospital called The Yorkshire Clinic in Bingley, near Bradford.

Private health has never been a sector to attract much notice from the City, for the simple reason that it has yet to emerge as a major area of investment in a country where most health needs are covered by the state.

West Yorkshire's flotation could be a step towards changing the picture. It is not the first health care company to join the USM, having been preceded by the Swindon Private Hospital and Health Care Ser-

USM

UNLISTED SECURITIES MARKET

vices; but the addition of a third group provides the basis for a sector that could increase awareness of private health care as a possible area for investors' attention.

The Yorkshire Clinic, the only private hospital in a catchment area with a population of 500,000, admitted its first patient in June 1982. It now has 49 beds with occupancy rates averaging 75 per cent; and profits have grown from £144,000 at the end of its first year of operation to £448,000 for the year to June 1985.

Apart from normal in-patient services, it offers out-patient consulting facilities, a sports injury clinic, health screening and contract pathology. It sees potential for growth through widening these services and more in-patient accommodation as demand increases: it has planning permission for a 20-bed extension.

West Yorkshire comes to the market with a placing of nearly 700,000 shares at 90p a share; and, with profits of £520,000 forecast for the present year, the prospective p/e ratio is 12.2.

The multiple appears to be pitched at the market average, probably reflecting caution on two fronts. First, although the advent of a Conservative Government in 1979 was expected by some to herald a boom in private health care, reality has failed to live up to the wilder expectations. An initial surge in the number of people taking out private health insurance has shown signs of flattening out, and there is some concern in the industry that the supply of private hospital beds now is outpacing demand.

Second, the provision of health services remains one of Britain's most sensitive political issues; and with the Labour Party's health spokesman saying as recently as last month that an incoming Labour government would impose curbs on private health care, the sector's prospects are uncertain.

West Yorkshire can argue that it is immune to the first factor because there are no other private hospitals, or plans for them, in its catchment area; and that the second factor could be a positive boon since it might well see the phasing-out of pay beds in NHS hospitals.

Nevertheless, these are factors that affect the sector generally, and it will be interesting to see how the market responds to the issue. The placing is next week and dealings begin the following Monday.

Richard Tomkins

C & W sets the wires humming

THE CITY is gearing up for the promotional campaign being launched to back the roughly £900m December sale of 148.9m CABLE & WIRELESS shares, two-thirds of them representing the remaining government stake in the group and the rest new shares.

Interim results are due on Tuesday, the day before the £3m campaign (the cost of which compares with the £7m spent to launch BT) gets going with a national road show. The expectations are for £135m pre-tax—against £109m in 1984.

While most interest now lies in the pricing of the sale/share issue—news of which should come on December 2 — the analysts will be looking to the interim statement for indications of the outlook in Hong Kong, as C&W's share price closely follows the Colony's Hang Seng Index.

The start-up costs of Mercury, where spending may have been accelerated following the green light from Oftel, will also be of considerable interest as it could be indicative of how the £300m or so rights money will be used. The choices being to reduce debts or make an acquisition.

Only a small increase in BOOTS' interim profits is expected to be announced on Thursday. The City is forecasting £76.5m, only some £1.4m ahead of the mid-1984 figure.

The retail side, which usually contributes about 60 per cent of the trading total, is likely to have found it hard to make up the £5.8m once-off bonus from the DHSS that boosted the comparable period's profits last year.

At the AGM in the summer, first quarter sales were reported as having grown only 6 per cent due to poor weather. However, better net margins in the second quarter should have made up some of this ground.

The fall in profits at Boots Pharmaceutical Inc. due to price cuts, is likely to have depressed earnings in the industrial division

Any news of a property revaluation could see the analysts' redoing their rating sums.

DISTILLERS announced earlier this week that the publication of its results for the half-year to September was being brought forward to next Thursday, saying it would be in the company's best interests to announce them then. This was no doubt a reference to the prospect of a hostile takeover bid from Argyll, and this factor combined with the chairman's optimistic statement at the annual meeting about the first

Results due next week

five months' trading, suggests that the figures are going to show profits strongly ahead.

One of the main contributors to growth is likely to have been a surge in exports, due in large part to an acceleration in shipments to the US in advance of the increase in Federal Excise Tax on October 1. Other factors will be a favourable comparison with a first half affected to some extent by last year's dock strike, and savings from the rationalisation of hte group's bottling and distilling activities, the costs of which were taken into last year's second half. Overall, the City expects a surge to £108m against last year's £80.5m.

For BP, which is producing third quarter figures on Thursday, the 9 per cent decline in the dollar against sterling during the three months will have cut revenues. Volume sales from the North Sea and Alaska are also expected to have fallen by some 7 per cent.

Lower exploration write-offs (the second quarter contained a once-off £27m for the Andrew discovery) should partly offset these depressive trends. So a fairly strong third quarter performance is expected with group net profits of around £400m, which compares with £457m reported in the second quarter and £313m in the same period of 1984. All figures are on a replacement cost basis.

The dollar's fall will impact on the contribution from Sohio and could amplify a weakening trend in this unit's business as higher exploration costs take better in local currencies than the dollar denominated feedstock costs.

COURTAULDS, with interim results due on Tuesday, is still in a consolidation phase. While textile profits are thought to be rising solidly, the industrial and chemical part of the group is still slipping back. But, within that division, fibres should be benefiting from a first time contribution from the new Spanish unit.

For the first half analysts are expecting £55m, only a fraction ahead of the 1984 performance. Trading margins on UK sales should be ahead but currency factors could clip the returns on overseas sales more sharply, perhaps to the point of dragging the group's overall margin down.

At the trading level a decline is expected in the packaging and woodpulp divisions within the Chemical and Industrial sector. Otherwise all areas should be ahead of the 1984 first half.

WHITBREAD is in the unfortunate position of leading with its chin when it announces its results for the half year to August on Wednesday: being the first of the big brewers to report in the current round, any unexpectedly bad news on sales volumes is likely to give its share price a bloody nose.

The brewing operations will benefit from a favourable comparison with last year's first half which saw a strike at the Luton brewery and its subsequent closure. Along with the other brewers, Whitbread will have suffered from poor drinking weather during the summer.

That same poor weather and the influx of tourists is thought to have brought strong gains for the retailing operations, while wines and spirits will benefit from Buckingham's first contribution and a surge in whisky exports. The growth will be mitigated by a higher interest charge, however, and analysts are expecting £65m against last year's £57.6m.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Australia & N. Zealand Banking Group	Monday†	13.63636	15.0	15.0
Baldwin, H. J.	Wednesday	—	—	—
Burton Group	Monday	3.0	4.5	2.5
Bush Radio	Monday	—	—	0.14
Concentric	Monday	1.27	2.21	1.35
Cosalt	Tuesday	0.25	0.5	0.75
Diploma	Monday	2.5	7.5	1.25
Epicure Holdings	Friday	0.78	0.78	—
General Stockholders Investment Trust	Wednesday	0.93	1.4	1.15
M.M.T. Computing	Wednesday	1.0	2.25	1.2
Northern American Trust	Tuesday	1.4	4.8	1.4
Pineapple Dance Studios	Monday	1.5	1.5	—
Stockholders Investment Trust	Wednesday	0.95	1.4	1.1
United Spring and Steel Group	Monday	—	—	0.3
Westpac Banking Corpn.	Thursday†	13.0	13.0	13.0
INTERIM DIVIDENDS				
Alva Investment Trust	Thursday	1.8	1.3	
ASEA	Thursday‡	—	7.0	
Associated British Engineering	Monday	—	—	
Associated Heat Services	Friday	3.3	7.7	
British Petroleum	Thursday§	—	—	
British Tar Products	Tuesday	1.2	2.3	
Brown, N.	Thursday	3.0	6.0	
Bulmer and Lumb	Wednesday	1.65	3.35	
Cable and Wireless	Tuesday	2.9	4.9	
CML Microsystems	Tuesday	—	1.4	
Courtaulds	Tuesday	1.4	3.6	
Distillers	Thursday	4.5	10.5	
Elliot, B.	Thursday	0.1	1.9	
EMAP	Thursday	0.92	2.08	
Extel Group	Thursday	1.5	5.25	
G.T. Global Recovery Inv. Trust	Friday	0.75	1.25	
Hanover Investments	Tuesday	1.0	2.0	
HAT Group	Tuesday	1.8	1.9	
Heath, C. E.	Tuesday	6.0	15.0	
Hunter Saphir	Thursday	0.7	1.05	
Infrared Associates	Monday	—	—	
Ivory and Sime	Monday	—	3.25	
Jersey General Investment Trust	Wednesday	5.25	8.0	
London and Midland Ind.	Tuesday	4.25	5.25	
LRC International	Tuesday	1.3	2.8	
Metal Box	Monday	6.1	11.15	
M.K. Electric Group	Wednesday	3.4	6.6	
Murray Technology Investments	Thursday	—	0.5	
N.M.C. Investments	Tuesday	—	1.0	
Ocean Wilsons	Wednesday	0.75	2.2	
Powell Duffryn	Thursday	3.33	10.67	
Readicut International	Tuesday	0.15	1.3	
Scott Greenham Group	Tuesday	—	—	
Sketchley	Tuesday	4.3	11.0	
Sungei Besi Mines Malaysia Bhd.	Monday¶	1.87384	3.7223	
Swindon Private Hospital	Monday	—	—	—
Volex Group	Monday	2.5	5.0	
Walker and Staff	Thursday	—	1.7	
Wedgwood	Thursday	2.75	4.5	
Whitbread and Co.	Thursday	2.05	4.9	
Witan Investment Trust	Wednesday	1.3	1.45	
Young and Co.	Tuesday	3.0	3.3	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Kr per share gross. § Third quarter figures. ¶ Ringgit per share.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.75	5.83	4.53	3.33	half yearly	1	—	0.7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	7.81	8.04	6.32	4.59	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.68	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.54	8.72	6.85	4.98	half yearly	1	2,500 minimum	0
Schroder Wagg	8.04	8.34	6.55	4.77	monthly	1	2,500 minimum	0
Provincial Trust	8.78	9.14	7.18	5.22	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	10.64	8.00	6.57	5.14	half yearly	4	—	0
10% Treasury 1990	10.73	7.83	6.22	4.63	half yearly	4	—	0
10.25% Exchequer 1995	10.97	7.81	6.11	4.42	half yearly	4	—	0
3% Treasury 1987	8.87	7.85	7.24	6.64	half yearly	4	—	0
3% Treasury 1989	8.44	7.57	7.05	6.53	half yearly	4	—	0
Index-linked 1988¶	9.61	9.00	8.70	8.40	half yearly	2/4	—	0

* Lloyd's Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Abbey	95§§§	108	90	13.57	French Kier
Allied-Lyons	255*	265	275	1 724bn	Elder IXL
Arlington Motor¶	334*	225	167††	10.50	Guinness Peat
Britannia Arrow	137§	146	131	206.06	Unigate
Brook St Bureau	173	171	162	17.89	Blue Arrow
Cole Group	260*	295	240	7.38	Low & Bonar
Drayton Prem Inv	500*	515	446	153.53	NCB Pension Funds
Dew (George)	102§§	113	92	8.16	Bremner
Dufay Bitumastic	58§§	56	36	9.53	British Tar Prods
Dufay Bitumastic	51½	56	47	8.46	Kalon Group
French Kier	294	249	224	1[illegible].22	Beazer (C. H.)
Insight Group	166§	158	128	12.47	Hawley Group
Maynards	402	420	335	19.68	Ward White
Owen Owen	518§§§	523	490	49.60	Ward White
Pearce (C. H.)	709§§	675	725	26.76	Crest Nicholson
Fyke (Hldgs)	390	390	348	15.13	Hillsdown Hldgs
Security Centres¶	139§	150	100	22.12	Automated Security
SGB Group	259	256	226	109.71	BET
Somportex	28¼*§	174	27	0.79	Messrs N. Wray & C. Mattock
Spear & Jackson	238½	240	168	13.41	Neill (James)
Sparrow (G. W.)	69	81	48	6.82	BET
Stewart Plastics	151	145	112	34.33	Bunzl
Sunleigh Elect	7½	7½	7½††	1.72	Godwin Warren
Telefusion	54§§§	51	34	26.60	Electronic Rentals
Towngrade Secs	32½*§	35	37	1.67	Milbank Dev
United Parcels	157	157	113	99.64	Bunzl
Walker & Homer	21½	20	16½	2.68	Hillsdown
Wingate Prop Inv	132½	130	105	18.27	Trafford Park Ests

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on November 15 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Arenson Group	July	569	(360)	—	(—)	—	(—)
Castle (GB)	July	2,340L	(1,460)	—	(9.9)	—	(—)
Gleeson, MJ	June	5,030	(4,400)	28.6	(25.4)	5.37	(4.85)
GR (Holdings)	June	3,290	(1,700)	30.1	(24.2)	7.0	(7.0)
London Ent	Aug	186	(422)	3.5	(8.0)	2.33	(2.12)
Lon & Prov Shop	June	2,160	(2,030)	11.4	(10.4)	4.6	(4.0)
Lucas Ind	July	57,800	(32,600)	42.8	(17.8)	11.0	(8.6)
LWT Holdings	July	8,250	(10,500)	23.0	(30.7)	14.4	(14.4)
Microfilm Rep	June	580	(261)	10.0	(4.67)	1.5	(1.0)
Moss Advertising	Aug	422	(193)	—	(—)	—	(—)
Red Nat Glass	Sept	1,080	(225) L	16.8	(—)	2.0	(1.8)
Smiths Ind	Aug	47,580	(36,160)	12.9	(10.2)	4.5	(3.5)
Wade Potteries	July	1,650	(1,120)	10.0	(8.8)	3.0	(2.3)
Yarrow	June	1,530	(1,610)	26.9	(31.9)	9.5	(8.4)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Amber Ind Hldgs	Sept	481	(319)	2.3	(2.0)
Amersham Int'l	Sept	7,770	(8,010)	2.42	(2.4)
Ansbacher, H.	Sept	1,490	(1,310) L	—	(—)
Aquascutum	July	445	(242)	0.8	(0.75)
Avana Group	Sept	8,270	(7,710)	5.0	(4.5)
Beecham	Sept	148,800	(145,300)	5.1	(5.1)
Bibby, J.	Sept†	21,930	(12,380)	5.0	(3.94)
Burtonwood Brew	Sept	1,390	(1,410)	2.5	(2.3)
Central & Sherwd	June	105L	(4,790) L	—	(—)
Checkpt Europe	Sept	317	(129)	—	(—)
Chepstow Race	July	629	(111)	—	(—)
Commercial Union	Sept	3,900L	(30,600) L	—	(—)
Craig & Rose	June	72	(64)	8.0	(8.0)
DDT	Sept	259	(144)	1.0	(—)
De La Rue	Sept	16,410	(17,690)	8.25	(8.25)
Ecobric Hldgs	July	75L	(120)	—	(—)
Ferg Ind Hldgs	Aug	3,290	(2,860)	2.75	(2.5)
Foster, John	Aug	52	(21) L	1.0	(0.5)
Futura Hldgs	July	41L	(176) L	2.5	(1.38)
GEI	Sept	1,750	(1,310)	1.94	(1.94)
General Accident	Sept	11,300	(4,400)	—	(—)
Great Port Est	Sept	8,750	(8,290)	2.0	(1.0)
Henderson Admn	Sept	5,170	(4,670)	6.0	(4.0)
Hill Samuel	Sept	17,500	(13,200)	3.6	(3.25)
LCP Holdings	Sept	4,480	(3,820)	1.8	(1.8)
Micro Focus	July	3,820L	(1,400)	—	(—)
Minty	July	157L	(211)	—	(—)
Moss, Robert	Sept	1,140	(922)	1.0	(0.9)
Plessey	Sept	70,240	(80,670)	—	(—)
Reed Pub	Sept	17,300	(18,600)	—	(—)
Regalian Prop	June	1,870	(835)	1.25	(0.85)
Royal Insurance	Sept	16,600	(7,500)	—	(—)
Ruddle, G	Sept	501	(472)	1.4	(1.25)
Scantronic	Sept	356	(303)	0.5	(0.47)
Staveley Ind	Sept	3,270	(2,360)	5.5	(4.5)
Tesco	Aug	44,300	(30,274)	2.1	(1.75)
Thorpac	Sept	86	(34)	1.0	(1.0)
Ultramar	Sept†	220,000	(194,900)	—	(—)
Unilever	Sept†	265,000	(245,000)	—	(—)
Valor	Sept	2,790	(2,000)	1.36	(1.24)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise indicated. † Nine months' figures. L Loss.

RIGHTS ISSUES

Countryside Properties—To raise £7.8m through a one for two rights issue at 270p.

Leisure Investments—To raise £1.9m through a two for five rights issue at 60p.

Lucas Industries—To raise £89.4m through a one for four rights issue at 365p.

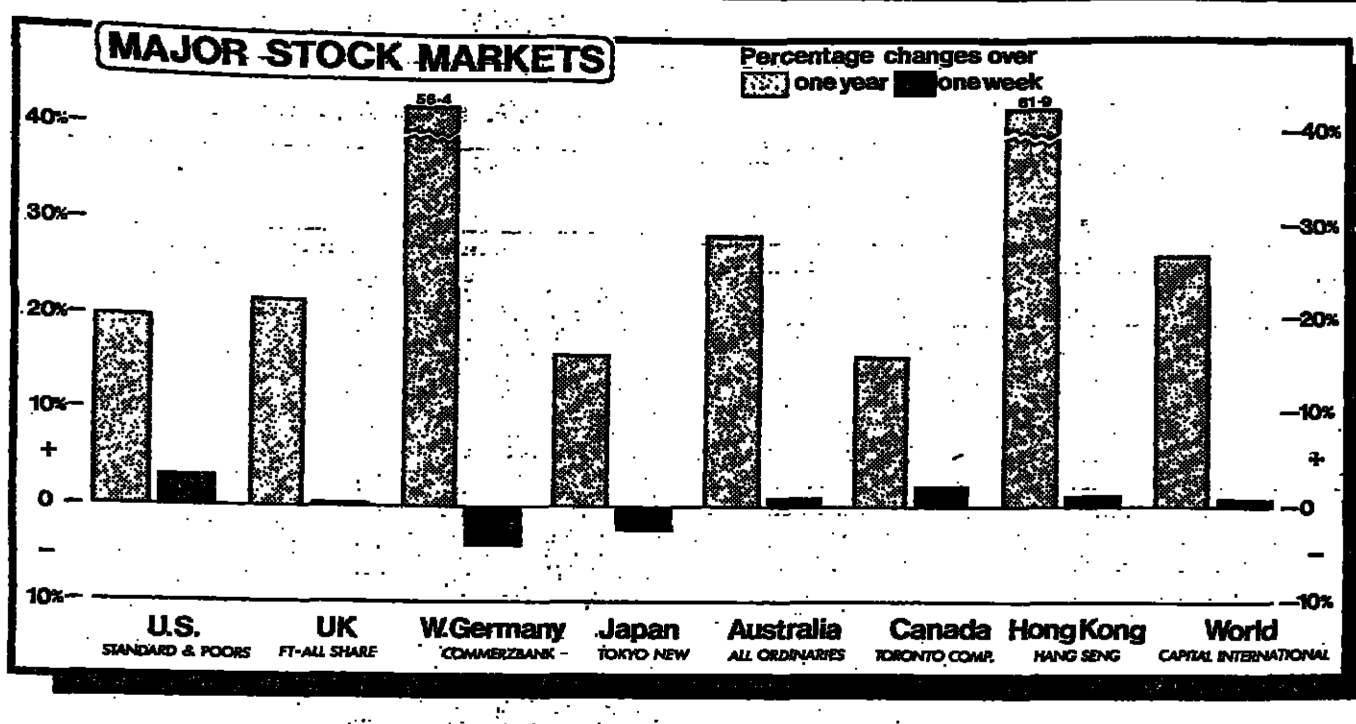
Regalian Properties—To raise £8.55m through a two for five rights issue at 260p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Cheshire Wholefoods—Placing 168m shares to raise £18m.

West Yorkshire Independent Hospitals—usm placing of 698,476 shares at 90p.

Williams Holdings—Placing 3.1m shares at 371p.



Shivers in an Indian summer

Tokyo

WINTER blew in a little early to the Tokyo Stock Exchange this week. While city residents were enjoying the sunshine of a lingering Indian summer, stock brokers, portfolio managers and bankers were shivering with cold at the precipitous drops in the prices of equities, domestic bonds and bond futures contracts.

Six successive days of declines in share prices by Thursday night left many expecting even more punishment on Friday. A small rally, however, pushed the Nikkei stock average back up slightly, leaving it at 12,637.44, which was nonetheless well down on last week's close of Y12.851,05.

If the market catches a real cold and drops further, investors have only the Bank of Japan to blame. Following the G-5 finance ministers' meetings in September on the depreciation of the US dollar, Japan's central bank has been Samurai-like in defending the value of the yen by allowing short-term interest rates to drift higher. A higher yen and higher interest rates do not make good arguments for buying export-oriented stocks, or companies which a lot of debt on their balance sheets.

The companies in the second category had been real market favourites since the spring. Brokers have been insisting that Japan was poised to begin big domestic spending programmes in order to make it look like the wealthy country it is and boost its appetite for foreign goods. With only a third of Japanese homes connected to mains sewer systems this argument had a lot of appeal.

The story had so much appeal and so much money was available for investment, the domestic stocks seemed to know no ceiling. Not long after the BoJ made its intentions known, however, that ceiling was painfully found. Mitsubishi Heavy Industries, a highly geared well-diversified industrial which had hit Y470 in late September, slumped to Y350 last week. Kajima, a favourite civil engineering stock, which had been up to Y610, came back to Y570. The real estate stocks also fell back sharply. Sumitomo Real Estate closed yesterday at Y967, down from a recent peak of Y1,070 on November 7, Mitsui Real Estate finishing at Y998 from Y1,140 on September 30.

The trauma in the bond market is contributing to the market's lassitude. Prices seem to be permanently sandbagged. The ill-fated flurry of the new bond futures market, which opened on October 19 and went crashing into the BoJ's assault on interest rates and the yen has resulted in losses which some estimate to be as much as Y900bn to Y1,000bn for those life insurance and large investment trusts which were caught long.

Most expect these losses to be made up by a gradual selling of equities which are on the fund's books at their purchase price. Utilities like Tokyo Electric Power, which may have been bought years ago at Y500, are the sort of stock to go. Tokyo Electric was still trading this week at Y2,200, after a recent fall. Utilities are particularly vulnerable because they are not owen any particularly allegiance by the big life insurance groups, as they are not part of the main corporate grouping such as Mitsui or Sumitomi.

Looking ahead, most think the market has reached its bottom and will soon pack up. There is a split in thinking, however, on future trends. Taking as a signal for the BoJ to relax its interest policy and let Japanese rates drift down again. This could breathe new life into the domestic stocks again.

Also in this category are the reflation fanatics, who say that the stronger yen and higher interest rates will force Japan to announce a strong package of domestic spending package, giving another good reason to get back on the domestic stock bankwagon.

The bears say the market has not fully appreciated the effect of the stronger yen on the blue-chip exporters and that there is more for the blue chips to fall. Further, domestic spending packages, if they arrive, will do little to correct Japan's huge trade imbalance with the West, which after all is the country's major headache. A still growing trade imbalance, longer-term, may mean protectionist measures in the West with the obvious bad effects on Japan and prospects for growth.

As the Japanese might say, "Dozo" or take your pick.

Carla Rapoport

Wary stampede

Wall Street

THE surge in the US stock market this week was the sort of event which normally generates more than a touch of euphoria in the caverns of Wall Street. After just managing to break through the 1,400 barrier last week, the Dow Jones Industrial Average stampeded on to new record highs this week, bringing the next nice round number of 1,450 into its sights. But despite the strong trading volume and the widening base of the upswing—the Standard and Poor's 500 Index finally topped its previous July high—much of the comment from the dealing community as decidedly cautious.

One reason for scepticism is the feeling that the bull market is beginning to look quite old. Some analysts, for example, thought that the last peak for the Dow industrials, back in July, was likely to mark the top of the bull run which began back in August of 1982. On average, bull markets since the Second World War have lasted three to four years. With this one now well into its fourth year, it is inevitable that some commentators—particularly the technical analysts who watch indicators rather than economic fundamentals—cannot believe that the present upturn is anything other than a final blow-out before a retreat.

The upswing also continues to be quite narrowly based, despite the broadening of interest which brought in more of the S and P stocks this week—the DOA industrials stood virtually 6 per cent ahead of their July peak this week, while the S and P index was only 2 per cent up. Similarly, both the Dow transportation and the Dow utilities indices remain well below their July highs, although both have picked up since their mid-September lows.

Finally, even within the industrial average of 30 stocks, the leadership is tending to come from more speculative areas. IBM shares are about 2.5 per cent below their peak trading price. General Motos' are 21 per cent down, and General Electric's about 3 per cent off—and investors usually have more confidence in rallies led by the generals than the troops.

Clearly, however, these notes of caution continue for the moment to be outweighed by more positive factors. The present rally dates back from the third week of September, when the Dow industrial index dropped just below 1,300 and found a support zone from which it was advanced with scarcely a backward slip on a week by week basis.

It has been encouraged on its way by the international economic initiatives undertaken by James Baker, the Treasury Secretary, whose moves to bring down the dollar are widely applauded on Wall Street; and by indications that the Federal Reserve Board is unlikely to do anything to dive up interest rates in the near future.

The market optimists argue that these fundamentals should continue to support equities next year, with interest rates relatively flat, the economy on a moderately rising growth trend, and corporate profits helped by the lower dollar. Merrill Lynch, for example, says that while the stock market could face "some rough going" in the early months of next year, it should resume "the long-term bull market trend later in the year."

Merrill argues quite forcibly that the lacklustre trend displayed by corporate profits so far this year appears to be over—indeed, it believes that earnings could rebound in the present quarter to bring profits for the year roughly into line with 1984, despite a drop of around 4 per cent in the first three quarters for the 500 companies in the S and P index. "We think that profits could climb about 15 per cent in 1986, with year-to-year increases of perhaps 20 per cent in the first two quarters," it says in its weekly report.

The impetus which is likely to be given to profits by the decline in the dollar was reflected this week in a strong stock market performance for companies with big overseas earnings. An equally strong reason for expecting an earnings upswing is the effects of the wave of heavy write-offs on profits this year, further highlighted this week in hefty charges at Clark Equipment ($73m) and Black and Decker ($205m).

Wall Street believes that this phase of corporate spring cleaning has just about run its course, leaving room for profits growth next year from companies that should be operating more efficiently and whose earnings will certainly not be dragged down by non-recurring charges.

Monday	1,431.88	+27.52
Tuesday	1,433.60	+ 1.72
Wednesday	1,427.75	− 5.85
Thursday	1,439.22	+11.47

Terry Dodsworth

Realms of gold

Mining

NOT SO many years ago, the mining companies were busily forming partnerships to share the high cost of developing big new deposits of metals which could take anything up to 10 years to reach the production stage.

There was no time to lose, it was argued, in view of the steady depletion of existing mine capacity and the projections of a big expansion in demand for metal in the 1980s. The cash-rich oil companies accepted this logic and got hastily into the mining play.

Alas, that big new demand has not happened—yet. So, with excess capacity and low metal prices the industry has had to pull back and lick its wounds. For many companies, it has been a case of struggling to survive in the face of mounting losses and heavy interest payments on the big borrowings made earlier.

New ventures have been confined largely to small, good grade mineral deposits which can be brought to production fairly quickly. The favourite target is gold, where the price is high enough in any currency for even the lower grade deposits to make a profit.

The Australians have followed this philosophy of the fast buck eagerly, although one notes that it has not so far produced much in the way of dividends for shareholders. But there are signs that one or two of the companies are beginning to look further ahead.

Pancontinental Mining, which is drawing a rising income from its coal interests and the new Paddington gold mine, aims to start producing zinc, lead and silver in about two years from the high grade Lady Loretta deposit in Queensland. This week the company announced two more projects.

The first is a joint gold venture with **Delta Gold** at the latter's Kanowna project in Western Australia, which is due to start production early next year. The other, which may be more ambitious, is a 50-50 partnership with West Germany's Degussa precious metals refining and trading group to explore for platinum in Australia and Papua New Guinea.

Then we have had **Australian Consolidated Minerals (ACM)** announcing a proposed takeover of the associated **Austamax**. If the deal goes through it will create a new joint company with a share market capitalisation of about A$125m (£59m) and assets of A$145m. America's Amax will have 45.2 per cent of the joint company.

ACM has two small gold mines due to reach production next year plus a half share in a larger prospect, the Big Bell, where a production decision is awaited.

Acquisition of Austamax will broaden the scope, notably via the latter's 31½ per cent stake in the big Golden Grove zinc-silver-copper prospect in Western Australia where mining is hoped to start in 1989.

Judging by the easing in the ACM share price, not all the shareholders are happy about seeing their gold-only investment moving into the currently despised base metal area. Still, it puts the company on a longer term path; and by the end of the decade the metal price picture could be brighter.

Certainly, giants such as **Rio Tinto-Zinc and Consolidated Gold Fields** remain staunch in their belief in an eventual revival in base metal prices. It is all a question of timing, of course, but the virtual cessation of new base metal mining development must bring that day nearer.

Meanwhile, South Africa's major coal producer, **Anglo American Coal Corporation** (Amcoal), is bearing out the chairman's forecast of a further improvement in earnings for the year to next March. Those for the first half have advanced by 45 per cent to R100.7m (£26.2m), or 412.1 cents a share.

The rate of increase is not expected to be as high in the second half, but Amcoal still expects "satisfactory growth" for the full year. So, it is lifting the interim dividend to 80 cents (21p) from 62.5 cents a year ago.

The good performance reflects higher export and domestic coal sales coupled with increased interest income. An important factor in export earnings has been the favourable exchange rate resulting from the weakness of the rand.

Another still to be doing well is the RTZ group's South African **Palabora** copper producer. This week, it has declared a third quarterly dividend of 50 cents, which makes a total for the year so far of 95 cents against 60 cents in the same period of 1984.

Kenneth Marston

• FINANCE & THE FAMILY •

Pru's Holborn unit trust

BIDS and takeovers in the stock market have been bubbling away so fast this year that there has been plenty to do for the managers of Special Situations unit trusts—funds that seek out some of the more speculative shares, whether bid targets or companies that have shuffled their management or their product range.

The Pru, the UK's largest investor, has a finger in most of the special situations, and it is now launching a new Holborn unit trust to invest in these companies. With its own share portfolio accounting for 3.5 per cent of the entire share market, the Pru aims to get in early, before takeovers emerge. "Dealmakers will tend to seek us out first," says Trevor Pullen, investments director of Prudential Portfolio Managers. Sometimes he has to stop them talking to him, for fear of becoming an insider, which would prohibit him from dealing in the shares.

The new Holborn Special Situations Trust requires a minimum investment of £1,000, with an initial offer price of 50p. The starting income is estimated at 2.5 per cent gross, and the annual charge is 1 per cent.

Special situations are also the target for stockbrokers Simon and Coates, which is bringing its only unit trust out of the closet. The fund has been run for Simon and Coates's private client department, and has a strong emphasis on the Unlisted Securities Market. Simon and Coates has been responsible for more new entrants to the USM than any other sponsor: 19, compared to 14 for second-placed County Bank and 13 each for Phillips and Drew and Capel-Cure Myers.

Mortgage move wins customers

A YEAR AGO Confederation Life Assurance Company set up its own home loan service: Confederation Mortgage Services.

Confederation Life, lacking widespread connections with building societies, found that it was getting very little of the endowment market—now the mainstay of traditional with-profits life business. So it decided to offer its own mortgage facilities lending on money from banks and using its countrywide field force as the marketing outlet. It was a bold step into an area where expertise is all-important.

A year later it can report considerable success with £150m of mortgage applications received in the first year. Mr Peter Cotterill, the marketing officer, points out the three main advantages which CMS offers potential house-buyers.

- An interest rate of 12.75 per cent—highly competitive for endowment mortgages.
- No differential rates for mortgages up to £150,000.
- A total package under one roof, with interest and endowment premiums combined in a single monthly payment.

Journalists received a pleasant surprise of a birthday card (surely we should have sent one to CMS) and a slice of birthday cake to celebrate the first anniversary of the venture.

Nevertheless, we must point out one weakness in the service. Repayment of the mortgage has to be made through an endowment policy. So you have a limited choice.

Travelling trusts

IN SPITE of the continued strength of the UK equity market, unit trust groups increasingly are looking overseas. Hendersons has decided to introduce an international version of its Income and Growth Trust.

Called the Global Income and Growth Trust, initially it will devote 45 per cent of its investments to the US and spread the rest around to the UK (30 per cent), Japan (10), Hong Kong (5), Europe (5) and cash (5). At least 60 per cent will be invested in equities with the rest going into fixed interest stocks, including convertibles. The international spread will be varied according to the outlook for the different markets.

Hendersons acknowledges that the new unit trust might have limited appeal, attracting mainly non-sophisticated investors interested primarily in getting some overseas exposure in their portfolios. The initial estimated gross annual yield of 5.5 per cent is not particularly exciting but there are capital growth prospects, too.

The units are on offer at 50p each until November 29 and minimum investment is £500. Full details from Henderson Unit Trust Management, 26 Finsbury Square, London EC2 (01-638 5757).

Designed for expatriates

EQUITY and Law Assurance Society have formed two companies in the Isle of Man to launch investment plans specially designed for expatriate and overseas investors. There are six new plans, denominated in sterling or US dollars and linked to new offshore funds, which, it is claimed, have been carefully structured to ensure that an investor will not be caught in a difficult situation should he or she have to return to the UK immediately.

Full details from Equity and Law International, Victory House, Prospect Hill, Douglas, Isle of Man.

Protection on the slopes

ANYONE planning a skiing holiday will be interested in National Westminster Insurance's new Winter Sports Protection policy covering holidays in Europe for up to 10 or 17 days effective to the end of March 1985. Cover includes medical expenses up to £250,000, personal accident up to £5,000 and baggage up to £1,000. Breakage of skis is covered as is loss of pre-booked costs of ski packs through injury or illness up to £75 and the cost of hiring skis due to the loss or damage to hte policyholder's own skis—up to £60. Some costs and expenses resulting from piste or avalanche closure are also covered. A 24 hour service for accident and medical emergencies is included.

Premiums for adults are £16.93 for up to 10 days and £19.85 for up to 17 days. For children the premiums are £10.25 and £11.95 respectively with those under two covered free of charge.

Autumn Statement

Bigger spenders

MORE SPENDING power in your pockets was the main message of the Chancellor's autumn economic statement this week. By stepping up the privitisation of state-owned assets, Mr Lawson plans to introduce income tax cuts in the next Budget, although he declined to give any hint of the likely reduction.

At the same time the forecast cut in inflation—from the present level of 5.9 per cent to 3.75 by the middle of next year—should mean a substantial rise in real incomes allowing those lucky enough to have a job to spend, spend, spend. The Chancellor forecast that the growth in consumer spending will more than nearly double next year rising by 4 per cent, compared with 2.5 per cent this year.

There should be all the more to spend in the high streets if government predictions hold true that the cost of utilities, such as gas, electricity and the Post Office, will not go up as a result of the rises in their contributions to the Exchequer—otherwise known as their negative external financing limits (EFL).

But although the cost of these services is not expected to rise above the rate of inflation water prices will do so—by an average of 7 to 8 per cent next year. This is a result of the Treasury's insistence that the water authorities improve their return on working capital.

And for most people there are to be no increases in National Insurance contributions to eat into that increased spending power. Only the top wage earners will pay more. Those earning more than £285 a week will have to pay a rise of £1.80 to £25.65 a week if they contribute to the state earnings related scheme (SERPS). If they are contracted out, the rise would be £1.43 to £20.34.

At the lower end of the pay scale there are, in fact, reductions. Anyone earning less than £38 a week will cease to pay any contributions, and there are cuts for other lower paid workers.

But the Chancellor is clearly hoping that some of this increase in personal incomes will be directed towards investing in the long list of state-owned industries the Government intends to privatise. The £14.25bn which the government hopes to realise as a result of privatisation will fund both the promised tax cuts and the rest of its economic programme.

The Chancellor's announcement that he has stepped up the target, which he hopes to raise from the sale of state-owned assets, to £4.75bn in each of the next three years will mean a wider choice for investors. Indeed, building societies are already getting worried about the competitive threat from privatisation in attracting savers' funds.

Apart from the second instalment of British Telecom, there will be British Airways in the summer followed by the first instalment of British Gas in the autumn. Other flotations mooted for next year are National Bus, Royal Ordnance factories, and British Airports Authority.

Likely candidates for the following year are water boards such as Thames Water; Short Brothers, the aero engine manufacturing side of Rolls-Royce, and Unipart. Also in the pipeline are British Shipbuilders, Austin Rover, British Nuclear Fuels, and possibly more of BP.

The news is less good for those in retirement whose state pension payments are linked to the inflation rate. They are about to receive a 7 per cent rise for this year. But next year's rise is likely to be the smallest for many years—only around 1 per cent. This means that a single person will get 40p more, a married couple 60p, bringing their respective pensions up to £38.70 and £61.70 a week.

Margaret Hughes

Student benefits

STUDENTS and their parents will be relieved to learn that the Government has moved to ensure that students receiving money from their parents through covenants do not jeopardise their rights to claim supplementary benefit during their summer vacation.

The decision to introduce new regulations from the beginning of next month results from the ruling made last summer by local Department of Health and Social Security offices at Oxford to reduce benefit entitlement for some students who received income from parental covenants.

This was where the relevant covenants providing parental contribution to student grants were phrased to indicate that the payments covered the full year rather than the grant-aided period only which excludes the long summer vacation. At the time the Government announced extra-statutory payments to prevent these students from losing benefit.

The new regulations will allow students whose grant is supplemented by a parental covenant to receive their full benefit entitlement. The parental contribution of those students who receive no grant at all wil be similarly ignored, up to the maximum ordinary grant for their course, in determining supplementary benefit

Business expansion schemes

The tax man watches trade

INVESTORS in comfortable, asset-backed, Business Expansion Scheme companies should look out. The taxman is watching you. The Inland Revenue is examining very carefully whether these companies qualify for tax relief under the terms of the scheme, and could even disqualify, retrospectively, companies it has already approved for BES relief.

The Business Expansion Scheme was designed to promote investment in small, risky enterprises by giving tax incentives. But in its two and a half years of existence the BES has spawned a string of low-risk companies relying on the appreciation of their assets more than on manufacturing or trading.

In 1984, the Chancellor of the Exchequer disqualified farming companies from the BES, and in this year's Budget he outlawed property development. Wine and antiques still qualify for BES tax relief, but there has been speculation that these sectors might be the next to incur Mr Lawson's displeasure.

With property and farming, the Government managed only to shut the stable door after some expensive horses had bolted. The Inland Revenue now has a more general weapon against possible abuses of the system.

For investors to get tax relief for the money they put into a company under the BES, the company must obtain approval from the Inland Revenue. Final approval cannot be obtained until after investors have put their money up, although provisional approval can be given in advance. Nevertheless, the Revenue can withdraw approval if the company ceases to satisfy the BES conditions.

The company must be engaged in a qualifying trade, and continue to be so for at least three years after the investment is made. But the Revenue has now started to take a much tougher line on what constitutes a qualifying trade.

Antique Dealers International, an issue sponsored by stockbrokers Margetts and Addenbrooke, is a Somerset company dealing in antique furniture. It includes in its activities the purchase of a limited number of rarer antiques to be kept in stock for a longer period. It was warned by the Inland Revenue that it should not keep more than 20 per cent of its assets in long term stocks.

English & Continental Porcelain, another recent issue, still open for subscription, was cautioned not on the level of long term stocks but on the extent to which it could trade with other dealers.

The warnings hinge on the definition of the word "substantitla." If a company derives a substantial proportion of its income from investments rather than from trading, it could be deemed not to qualify for the scheme.

The Revenue has decided to define "substantial" as meaning more than 20 per cent—on the authority of the law case Attorney General/Duchy of Lancaster v Overton Ltd. This case had nothing to do with the BES; it decided whether the British Museum could claim a treasure trove on the grounds that it contained a substantial proportion of silver.

The Inland Revenue denies any clampdown. It has always applied this definition in determining whether a company is trading, it says.

A straw poll of the top accountancy firms, however, turned up only one BES expert who was not surprised at the new definition. Some companies believe they will be very difficult to uphold in court—but few investors will have the time or the money to carry through an appeal against the tax inspector's decision on whether a company qualifies. One accountant welcomed the definition warmly. "It is an elegant solution to the problem of asset-backed schemes which abuse the spirit of the BES," he said.

Antique Dealers International agree. Although it was one of the companies warned by the Inland Revenue, it has no qualms about qualifying, because its main buiness is restoring antique furniture and making reproductions, not just dealing in antiques. It has a workforce of 16, including eight cabinet makers, two polishers and two apprentices, and so make a contribution to employment that is rare among BES issues.

George Graham

Investing abroad

Away with Napoleon

SEVERAL developments have focused international investment interest on the French stock market recently. For one thing, there was the spectacular coup achieved by the Thomson-CSF electronics group in beating Britain to gain the £3bn military communications system order from the US.

At the same time, the proposed fixed link across the Channel, featured prominently in the media, has highlighted the potential powerful boost to profits that would be given to French and British companies involved in a successful project.

The longer-term view obviously is influenced by the French election in March. If the right wing wins, it promises to privatise many of France's large state-owned companies including, eventually, the big three banks—Banque Nationale de Paris, Crédit Lyonnais and Société Générale—which have been state-owned since 1945. This would broaden the French market considerably and draw in large numbers of new investors.

At present, however, the Bourse in Paris is not only antiquated but thin by world standards. Minus the two big oil companies, Total and Elf Aquitaine, tyre-maker Michelin and Peugeot Citroen, the Bourse remains a specialist's market dominated by relatively small companies; notably, a string of luxury producers like Moet Hennessy, L'Oreal, Pernod-Ricard, Louis Vuitton, Club Med and Perrier.

France's economic grist—the big three banks and the major industrials such as Renault, Thomson, Rhone-Poulenc (chemicals) Compagnie Générale d'Eléctricité and Pechiney (aluminium) — either is state-owned or partially represented in the market.

Specialists, insiders and foreign institutions have tended to dominate trading in French equity, although the updating recently of the SICAV/Monory share investment incentive scheme has increased the numbers of private investors. This offers private domestic investors a 25 per cent tax relief on net new purchases of shares through specially created equity trusts called SICAV funds.

Nevertheless, individual share ownership still makes up a tiny percentage of the total investment, due partly to a xenophobic avoidance of the Bourse by the general public.

Privatisation could change this; so also could plans now being examined aimed at giving the French stock market a major facelift. Behind the neo-classic facade of the 200-year old bourse in Paris, the French brokers (or agents de change), their eyes on the City of London for signs of what not to do, are preparing for reforms that would clear away a code of house rules laid down by Napoleon.

The proposed changes include the entry of banks into the stock market, breaking the brokers' 178-year old monopoly on trading; doubling trading hours to extend dealing in major shares; introducing full continuous trading and negotiable commissions; creating independent dealers similar to London's stock jobbers; establishing options and future markets; and installing a computer-assisted trading system (CATS) on licence from the Toronto exchange.

In most of these cases the time frame is years, but French broking house Dufour-Kervern insists such changes are long overdue because of the rapid increase in the amount of foreign investment in French shares.

As well as Paris, France has six regional exchanges: in Lyon, Lille, Nancy, Nantes, Bordeaux and Marseille. But Paris is by far the most active, buoyed in the past two years by the creation of the Second Marche (similar to London's Unlisted Securities Market) which this year has taken on a record number of new issues.

The main market is divided into two segments. The forward market, or Marché Reglement Mensuel, trades lots of 10 to 25 major shares with monthly settlements. The cash market, or Marché au Comptant, like London's Odd Lots, trades at prices fixed daily with two-day settlements.

French brokers charge 0.65 per cent commission on investments up to FFr 600,000. The rate of commissions then declines on a graduated scale to 0.215 per cent on investments over FFr 2.2m.

UK investors who buy French shares through London brokers generally are charged a further commission. The City says this double levy is a small price to pay for their knowledge and easy access to the French market, which traditionally has distanced itself from foreigners.

The key index to watch is the CAC General Index, which advanced in active trading in the past three weeks from 201 to about 226 (the year's high so far is 233.7, and low 184.7).

Paul Ham

Bank on the ombudsman

David Lascelles on how the banks are trying to improve their public image.

Ian Edwards Jones

IF YOU have a complaint against your bank which you have taken to the top without obtaining satisfaction, then Mr Ian Edwards-Jones, QC, is the man for you.

He is Britain's first Banking Ombudsman, appointed this week in an initiative by the big UK banks to improve their much castigated public image.

But please do not all rush at once. Mr Edwards-Jones will not be in business until the New Year; he does not even have an office yet, though he expects to be in the Chancery Lane/Fleet Street area of London. Also, he will not handle any cases which arise before next January 1.

After that, bank customers will for the first time have an independent figure to whom they can appeal, with the power to make awards that are binding on banks backing the Ombudsman scheme (18 already, with more expected later).

Mr Edwards-Jones has the power to look into personal banking complaints when all the normal avenues in a bank have been exhausted. If he finds in the customer's favour, he can make a binding award up to £50,000. But the customer can reject his findings and still take the matter to the courts.

The Ombudsman's writ will run to all banking services supplied to individuals and partnerships (though not other services like insurance supplied by banks). But he cannot investigate the commercial decisions that go into lending, so you cannot complain that your bank will not give you a loan.

His greatest strength (for both banks and customers) will be his independence. This is protected by the Ombudsman Council of eight (four bankers and four members of the public) chaired by Dame Mary Donaldson, the former Mayor of London, which appointed him. This means he is neither a representative of the banks nor a champion of consumers' rights.

Mr Edwards-Jones, who is 62, has been a social security commissioner, so he knows about investigating complaints from the public. (He also admits to having had a few altercations with his own bank manager, though nothing serious enough to warrant an Ombudsman). He will start with a staff of five or six, which will be expanded depending on the volume of complaints.

Although the post is modelled on that of the successful Insurance Ombudsman, Mr Edwards-Jones believes he is the world's first Banking Ombudsman, so there will be a certain "pragmatism" in his approach.

Banks will place leaflets in their branches giving information about the Ombudsman service. In the meantime, people wanting to know more should contact the Banking Information Service at 10, Lombard St, London EC3V 9AR (01-626 8486).

• FINANCE & THE FAMILY •

Capital Transfer Tax

Inheritance trust schemes 'safe'

SCHEMES aimed at helping you avoid—or pay reduced—capital transfer tax (CTT) are not an endangered species, according to the companies offering them.

They think it is unlikely that a test case due to be heard in January by the Special Commissioners, appointed to consider appeals against tax assessments, will have any impact on existing "inheritance trust" schemes.

The case to be heard is between the Inland Revenue and the beneficiaries of a CTT mitigating scheme used by Albany Life in the 1970s, which has since been discontinued. It is different from existing schemes in that it attempted to exploit a tax loophole and avoid all payment of CCT and was used for "deathbed" cases where the policyholder was known to be dying.

Mr Tony Ward of Albany Life claimed that there was only a remote possibility of any knock-on effect from the case. He said the suggestion that the Inland Revenue might seek to have withdrawals from the present inheritance trust schemes treated as an annuity was a "bit of a joke."

Mr Chris Marshall, legal services adviser to Legal & General, which has the lion's share of the market for these schemes, said it had worked closely in line with the Inland Revenue and, in fact, used a formula for calculating the discount value of the policies drawn up by the Revenue in 1982. This had been updated earlier this year, which the Revenue would hardly have undertaken it it was planning to oppose the scheme.

Under the so-called PETA plan you take out two policies. One is a pure endowment (PE) with a single premium, used to buy units. This policy, which is supposed to run until you are 105 years old, pays out regular withdrawals annually, by surrendering units. If you live to 105 then the capital value of the remaining units is paid up, but if you die before the policy expires nothing is paid. However, a Term Assurance (TA) policy is taken out at the same time, with a nominal premium insuring the capital value of the units held in Pure Endowment policy, under a trust for named beneficiaries.

The point at issue is the discounted value of the Term Assurance policy. The formula for calculating this is highly complicated, depending on the age of the policyholder and the forecast growth rate of the fund. But by using the formula agreed with the Revenue, companies can produce valuation tables.

The case to be considered by the Special Commissioners deals with a variation of the PETA plan, which used a different formula for calculating the discount value, which formula is being challenged by the Revenue. Thus, even if the Revenue does win the case, existing PETA plans will not be affected.

Nevertheless there is some nervousness that the Inland Revenue, emboldened by the new principle laid down in the Furniss v Dawson case last year on capital gains tax, might be encouraged to move against capital transfer tax avoidance schemes too.

This nervousness increased when the Revenue recently refused to give a pledge to the Institute of Chartered Accountants that it would not apply to inheritance trusts the Furniss Dawson principle, which, basically, threatens any schemes designed solely to reduce or delay paying tax.

The reply from the Revenue simply said that the wide-ranging nature of inheritance trusts make it difficult to give the assurance sought by the Institute.

In its original form "death duty," CTT was viewed as a kind of wealth tax aimed at reducing the amount that could be inherited.

But failure to raise the lower limit means that it is now threatening even those with fairly modest means, whose main claim to wealth may be locked up in the house they live in.

As a result, all kinds of different schemes are now being offered to take advantage of the various concessions available, particularly gifts. An extension of the Furniss v Dawson principle could obviously pose a potential threat to these schemes.

One answer, suggested by Hill Samuel, is to take a different approach to the problem. The first—and obvious—step is to check your will carefully to ensure that it takes full advantage of the nil rate payment (first £67,000) available. The creation of a discretionary trust for beneficiaries after the wife/husband dies is one of the most common suggestions for incorporating in a Will.

The other method of passing your wealth on to your heirs is to insure against the expected CTT payable, rather than try to reduce the amount. This means paying out premiums while you live, but the potential savings can be considerable.

John Edwards

Best to get in at the start

John Edwards questions the performance of investment bonds

LIFE assurance products tend to be viewed as long-term investments. But is there a case for treating the popular single-premium unit-linked investment bonds more as a short-term venture?

An analysis (see table) by Towry Law of how these life assurance bonds have performed over the past 10 years suggests that, in most cases the performance in the first 12 months far exceeds the average return over a number of years.

Mr Clive Scott-Hopkins, a director of Towry Law, notes that out of the 17 bonds included, only three did worse in their first year compared with their average performance. In some cases, the return achieved during the first year was spectacularly higher than the average.

He concludes that the table shows it is obviously best for you to get in at the start, when the fund managers appear to have everything working in their favour.

They are starting from scratch from a fresh cash base and can, therefore, invest in the sectors with the best immediate growth prospects. And they are not encumbered by existing holdings that may be difficult to dispose of even though these are earning a low return and diluting the profitability ofthe whole fund.

As the fund becomes bigger, it tends to become more unwieldly and less able to take advantage of the most profitable opportunities available as the incoming cash flow becomes a smaller percentage of the total funds invested. Thus, the performance normally becomes more pedestrian.

A common accusation, denied strongly by the life companies, is that the initial performance of their latest bond is "massaged" by the parent group to establish a good track record by giving it some of the more profitable investments in the group's overall portfolio.

Mr Scott-Hopkins suggests that with the discounts and bonus units given offsetting the initial five per cent front-load entry charge, there is a case for viewing investment bonds in a similar way as new share isues. That is, to consider taking your profit at an early stage rather than hanging on while the bond's investment performance starts to deteriorate.

INSURANCE COMPANY	Year of launch	Fund size £m*	Performance in first year %	Performance since launch %†	Average per annum %
Norwich Union	11/74	151.0	44.0	484.2	17.4
Sun Life	2/77	71.8	31.2	248.8	15.3
Equity & Law	5/77	106.2	12.7	195.6	13.6
Legal & General	10/77	381.8	32.5	273.7	17.7
Sun Alliance	11/77	100.0	16.2	221.0	15.7
Guardian Royal Exchange	2/79	99.2	30.5	218.6	18.7
Standard Life	11/79	205.0	34.5	193.0	19.6
Scottish Amicable	2/81	124.2	13.8	110.9	17.0
Scottish Widows	7/81	130.1	8.4	95.9	16.7
National Provident	1/82	60.3	33.8	126.0	23.6
Royal Life	5/82	75.5	31.7	87.7	19.6
Provident Mutual	10/82	22.7	33.1	83.2	21.6
Prudential	11/82	147.0	20.4	56.5	16.1
Commercial Union	2/83	38.0	39.6	100.2	28.5
Friends Provident	5/83	28.2	15.5	36.4	13.1
Scottish Provident	11/83	39.0	13.4	26.0	12.2
Scottish Life	3/84	12.6	20.8	22.8	13.0
Clerical, Medical & Genrl.	11/84	49.9	—	10.8	10.8
Average			25.4		17.2

* Money Management October Managed Funds. † As at 25/10/85. Source: Towry Law.

Unit Trusts

Market to open

UNIT TRUST companies continue to trumpet the virtues of investing in Europe, with County Bank this week joining the ranks of those launching European funds. A recent EEC decision, however, could bring the Europeans closer to home.

The decision would allow all European "ucits" — undertakings for collective investments in transferrable securities, the equivalent of the UK's unit trusts — to be sold in other EEC countries.

Like most things that emanate from Brussels, this new marketing freedom will not take effect overnight. Subject to some last-minute Danish objections, the directive should be agreed finally before the end of the year. Member countries will then have to put it into effect by October 1, 1989.

The rules rely on each country to supervise the ucits based on its own soil, but there are some general conditions laid down.

Funds will normally be limited to a maximum of 5 per cent invested in any one company, and must have a minimum of 90 per cent invested in quoted securities. There are limitations on how much a ucits may invest in other ucits, but some borrowing — at present prohibited for British unit trusts — will be permitted.

While the rules have been hailed as a blow for the freedom of capital movements, they do not mean that the average UK investor will start seeing advertisements for French, Belgian or Danish funds.

In France, Italy and Ireland, foreign exchange controls will make cross-border sales of unit trusts difficult, while in Belgium a 25 per cent withholding tax could deter outside investors. And most European ucits are very different animals to the UK unit trust, investing much more heavily in bonds and with a relatively low exposure to shares.

In the UK, unit trusts hold more than 95 per cent of their assets in equities, compared with less than half in France and little more than a third in West Germany, according to a Unit Trust Association study last year.

Dutch funds are among the most immediately interesting to UK investors, but the largest of them—Robeco—has been on sale in this country for years. It is listed on 19 different stock exchanges, and British investors are believed to have between £25m and £50m invested in Robeco already.

Other Dutch mutual funds include Robeco's sister funds, Rolinco and Rorento, and the much smaller Amro, Obam and Esmeralda funds.

The German market is dominated by five major investment companies — ADIG-Investment, Deka Fonds, Deutsche Investment Trust (DIT), Deutsche Gesellschaft fuer Wertpapiersparen (DWS) and Union Investment.

But while the German funds welcome the new EEC directive, they fear it will prove too restrictive when it comes to developing new investment vehicles.

The banks take the lion's share of the Belgian mutual fund industry. Banque Bruxelles Lambert, Kredietbank and Generale Bank each has 25 to 30 per cent of the market.

Half the total is invested in what are known as "Fonds de Clerq," after the Belgian minister who introduced measures to boost investment in shares. These offer tax breaks to Belgian citizens, but are effectively debarred from investing internationally.

In France, the Loi Monory also gives tax incentives to equity investments and has greatly expanded the mutual fund industry in the past five years. The sector now has assets totalling FFr 600bn.

The largest fund, Univar, is run by the Credit Agricole bank, and much of the distribution of mutual funds in France—known as Sicav—is carried out through bank branches. A large proportion of the funds is invested primarily in bonds, and even equity Sicav funds must hold 30 per cent of their assets in bonds.

In Italy, where unit trusts are new arrivals on the investment scene, bonds also form a large proportion of the portfolio.

Wherever the fund is based, British investors will have to watch out that they do not end up paying income tax on their capital gains because their fund does not qualify for distributor status.

George Graham

FINANCE & THE FAMILY

Insolvency and the consumer

Reforms miss the target

Richard Thomas, legal adviser to the National Consumer Council, explains why the new Insolvency Bill fails to give consumers a better deal.

IT DID not take Mr G, a Manchester company director, long to find out how to abuse the privilege of limited liability. In the space of a few years, he acted as principal director and shareholder of a string of limited companies. His activities ranged from mortgage-broking to haulage contracting from building to mail-order lingerie, from employment agency to carpet cleaning.

As the businesses collapsed, customers lost money—only to see new companies set up at the same address. Some of Mr G's companies were eventually put into compulsory liquidation; some were dissolved by the Registrar of Companies; others simply ceased trading. Mr G is not liable for debts owed by his companies; he remains free to start new ones.

Mr G. is not unique though, as unfortunate consumers have found to their cost. When a limited company goes bust, consumers who have paid in part or full for goods and services not received—anything from a holiday to a fitted kitchen—are unlikely to get their money back. Worse, people running the insolvent company can set up in business all over again, under a new name. The debts, of course, get left behind.

According to the Office of Fair Trading, there are nearly 250.000 cases every year in which people lose prepayments when limited companies go out of business. The average loss by consumers is £80, with at least 14 per cent involving more than £100. The total comes to well over £18m each year.

The Cork Report on Insolvency Law and Practice found that consumers "are shocked and bewildered at what has happened to them, and they are puzzled why so little ever seems to be done to recover their money or deal with those responsible."

Consumers who lose out are amazed to find that "limited liability" means they cannot get their money back—even when the company is entirely under the control of a few identifiable people. It is a basic principle of company law that each company has—in the eyes of the law—a distinct identity as a separate legal person. Only in the most exceptional circumstances can directors or shareholders be held liable for the unpaid debts of the insolvent company.

When the assets of a liquidated company are distributed, consumers come bottom of the list as "unsecured creditors." Although their money may have been keeping a company going, almost everyone gets a better deal when it fails; government, local councils, employees, and usually banks and commercial lenders all can claim priority over the ordinary consumer.

Will the Government's new Insolvency Act, which has just received royal assent, make life better? Sadly, it seems unlikely that it will make the substantial improvements which are needed to give consumers a better deal.

The National Consumer Council's idea that consumers should get first place in the queue for payment out of companies' assets was rejected by the Government. So was the idea of special arrangements — such as a bonding scheme to protect customers' money — for companies in high-risk areas. The Government has, however, reduced the preferential status enjoyed by it, and local authorities, in relation to VAT, rates and some other taxes.

The Act introduces a new, personal liability for "wrongful trading" by directors. The original principle was welcomed widely and should have made it easier for customers to recover their money, at least in the worst cases. The idea put forward by the Cork committee was to discourage companies from incurring fresh liabilities when they have no reasonable prospect of meeting them. As one outraged consumer put it at a creditors' meeting: "He kept on taking our money, even when he knew he hadn't a hope of coming up with the goods."

In practice, however, "wrongful trading" orders may well be quite rare. The Act requires proof that the director knew, or should have concluded that there was no reasonable prospect that the company would avoid going into insolvent liquidation. Effectively, this means proving a double negative. Criticism has focussed upon the complexity and uncertainty of the wording of this section, which goes on to excuse the director who took "every step" (whatever that might mean) to minimise the loss to creditors.

Liquidators will be reluctant to bring cases to court on such a vague basis, but consumers will have no right to make a direct application to court. Courts may well be reluctant to impose liability in any event. The section might also fail as an effective deterrent because directors will have little idea of the sort of conduct to avoid.

Nor can we be much more confident about the new procedures to disqualify rogue directors from running companies in the future. The National Consumer Council argued that directors of two or more companies that went bust within five years should be disqualified automatically UNLESS they could convince the court they were fit to run another company.

The Act reverses the onus. Directors will be disqualified ONLY if it can be proved that they are unfit to run a company. However, thanks to amendments proposed by the NCC and others, there will now at least be guidelines to indicate what is meant by unfitness. Again, however, consumers will not be entitled to apply for a director to be disqualified—only the Secretary of State or the official receiver can do that.

It remains to be seen how good liquidators will be at fulfilling their new duty to supply the authorities with evidence of unfitness. Their track record is not good. They already have a duty to report evidence of offences by company directors. Last year, 399,000 companies failed to file accounts — a criminal offence. Yet only 30 of them were reported by liquidators. Nor can the DTI be proud of its record of applying to court for a disqualification order. The 1976 Insolvency Act — admittedly, in narrower circumstances—resulted in only seven disqualification orders in nine years.

There are some good things in this Act. The measures for disqualifying inept or downright irresponsible directors from setting up in business yet again may be far from perfect —but at least they are better than what we had before. The Government also introduced a useful last-moment ban that normally will stop the director of a company which goes bust from becoming a director of another company with the same or a similar name.


Richard Thomas

The wrongful trading provisions, despite the fears of the critics, may turn out to provide a pleasant surprise. It is a plus, too, that liquidators must now, by law, be qualified — that should help consumers, as well as other creditors.

Overall, however, it is impossible to avoid the conclusion that the new Act is a lost opportunity for consumers.

Refer to drawer

Harold Baldwin casts a cold eye at the real cost of cheques issued on insufficient funds

MANY of us have been guilty at some time of drawing a cheque without sufficient funds in the bank account to meet it. When only a small amount is involved and you have a good record at the bank, it is unlikely that your friendly manager will embarrass you and bounce the cheque. Nevertheless, he will not be pleased.

Obviously, you should let him know the position as soon as possible. A brief telephone call could save you several pounds in bank charges and preserve your reputation.

Legally, unless it is issued under the cheque guarantee scheme, the bank is not obliged to pay a cheque for a penny more than the sum on the account; it matters not whether you have funds on another account or stacks of security in its vaults. In practice, the manager will, of course, take these factors into consideration.

He must be sure that there are no errors on your account and no credit has been delayed in the office. If he dishonours a cheque wrongfully the bank will be liable for breach of contract and you could sue it for damage to your credit.

When a manager returns a cheque for lack of funds he will normally try to give an answer which will cause the least damage to his customer's credit. He may look for a technical error as an excuse to return it and hope that he can contact the customer in the meantime and persuade him to pay in or agree an overdraft limit with him.

When several cheques are presented and there is only sufficient funds on the account to meet some of them he will consider the amounts and the payees and try to arrange payment of the most essential ones. For example, he will pay the gas bill in preference to a personal debt.

Strictly speaking the words "refer to drawer" on a cheque mean: go back to the person who wrote the cheque and ask why it has not been paid or get him to pay you in some other way. These days a cheque marked in this way is accepted as being returned simply for lack of funds. However, if the manager thinks that the account may be put in order soon he will add the words "please re-present."

The high street bank charges vary between £4.50 and £10 for returning a cheque because of lack of funds — in some cases this is enough to cause an overdraft anyway. An unauthorised overdraft costs around 12 per cent over base rate, compared with around 4 per cent if it is agreed. Add to this the loss of free banking for the whole quarter and a little irresponsibility with a cheque book can cost you plenty. But, after all, it is a criminal offence in many countries.

Christmas giving

Cash in on covenants

DAUNTED by the prospect of trekking round stores for Christmas presents? Persuaded by Bob Geldof to give to famine relief or other charities at Christmas in lieu of relatives and friends? Then a deed of covenant may well be the best approach. It combines generosity with a dash of self-help, particularly in the case of charities, if you are a higher rate taxpayer.

Market research by some of the banks has shown that young people today appreciate cash or its equivalent much more than gifts of the same value which are sometimes considered inappropriate. How many youngsters would trust a maiden aunt's choice of audio equipment, let alone her taste in boxer shorts? For the donor giving cash is certainly less exhausting, though less festive, than the annual hunt for gifts. If given through deed of covenant it can have the added advantage of making her appear more generous than she actually is. Indeed, any taxpayer wanting to give money to a young relative or a charity would be foolish not to use a deed of covenant.

It is not only children who can benefit from a deed of covenant. They can also be useful in supplementing the income of a retired relative where their sole source of income is their state pension. From November 25 this will amount to £1,991.6 for a single person and £3,187.6 for a married couple leaving a usable tax allowance of around £700 and £1,067 respectively which could be absorbed by a covenant.

A deed of covenant, as defined by the Inland Revenue, is a "written arrangement whereby one person promises to pay another a certain amount out of their income each year, for *nothing in return*." Since they are forgoing this income and, assuming that the person giving the money is a taxpayer, she or he is entitled to deduct basic rate tax from the payments. This means that if a grandparent or other relative opted to give a child £100 a year it would only cost them £70.

The deed of covenant scheme is intended to take full advantage of the recipient's personal income tax allowance. The crucial point therefore is that the recipient should not be a taxpayer or at least not have already used up his or her full single personal allowance, currently £2,205 (£2,690 if retired), through other sources of income, including social security benefits.

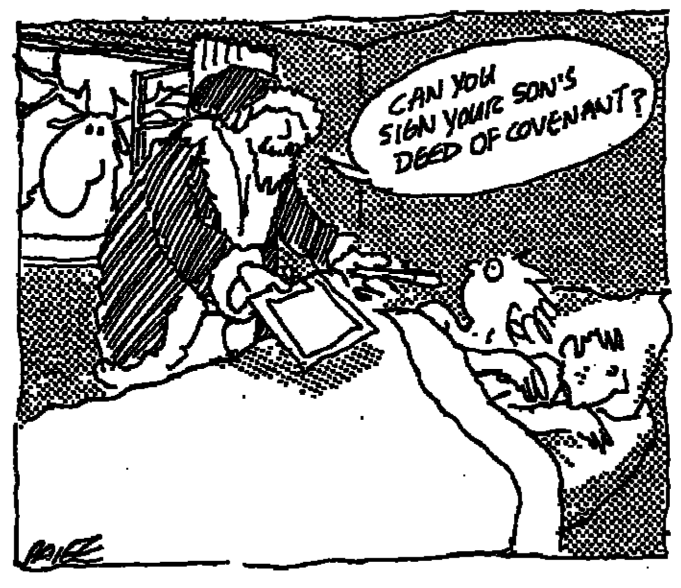
This is because the taxpayer is allowed to claim from the Inland Revenue the tax deducted *by his or her benefactor*. It means that if the recipient has no other income he or she can receive £2,205 a year free of tax through a deed of covenant for an outlay of only £1,543.50 by the donor.

Artful device though a covenant may be for dispensing largesse you cannot draw them up in favour of all and sundry. There is no limit to the amount you extend to individuals collectively provided it does not exceed your total taxable income.. But you can only give money through covenants if neither you nor your spouse benefits. That means you cannot use this tax efficient route for giving money to your own children unless they are over 18, or, if they are under 18, married. This is because investment income resulting from gifts from parents to unmarried minors is treated as the parents' income. If they are over 18 or married, it is not.

Neither can you have a fit of generosity one Christmas and forget about it the following year. A deed of covenant has to be capable of allowing payments to be made over a period which can exceed six years. (This should be checked closely when determining payment dates to ensure that the covenant is capable of running for over six years otherwise it will not meet Inland Revenue requirements.)

Generally any cancellation has to be by mutual agreement but this cannot be written into the covenant agreement since it would imply that you had no intention of letting the covenant run its full term. Mutual trust is therefore essential for deeds of covenant to work satisfactorily.

You can even use a deed of covenant to give away a lump sum and still get tax relief. You pay a lump sum at the outset of a deed of covenant covering the total amount due over the covenant period. This is accompanied by a letter which says *that* the payment covers the first year's covenant instalment only, the rest being an interest-free loan to the recipient. Each year thereafter the donor writes further letters saying that the loan has been reduced by the same amount as that year's covenant *contribution*.



Where the funds are not destined for school fees, or day-to-day living expenses and the donating relative is anxious that the money should not be frittered away—by child or parent—an arangement may be reached with the parent whereby payments made under a covenant are invested on the child's behalf. But as Ian Sampson, managing director of Schroder Financial Management, pointed out, when he launched its first unit trust-linked covenant scheme, an "ominous" number of grandparents appear not to trust their daughters-in-law or sons-in-law and wish to ensure that the benefits accrue to the children.

They can do so by drawing up covenants linked directly to unit trust regular savings schemes where payments are paid directly to the unit trust fund and invested on the child's behalf. Funds from the covenant are used on a monthly, quarterly or annual basis to invest in unit trusts of the grandparent's choice. Because children are not allowed to hold unit trusts until they are 18 they will not be able to obtain the money *invested until then*. *All the* income generated by the investment is automatically reinvested in unit trusts.

Even so the grandparent does not have complete control because it is assumed that at the end of the financial year an additional lump sum, representing the tax rebate, will be used to buy further units. This requires the parent's assent *since it is the parent who* claims the rebate. Unit trust firms such as M & G. Rothschilds and Schroder and Target operate such schemes.

Other suitable investment vehicles would be high coupon gilts or index linked gilts which pay interest gross and which are not subject to capital gains tax. These can be bought cheaply through the Post Office register selecting maturities appropriate to the age of the child. However, the grandparent would have less control over such investments.

The same goes for National Savings investment accounts, Income and Deposit Bonds, which also pay interest gross. So too does the newly launched index-income bonds.

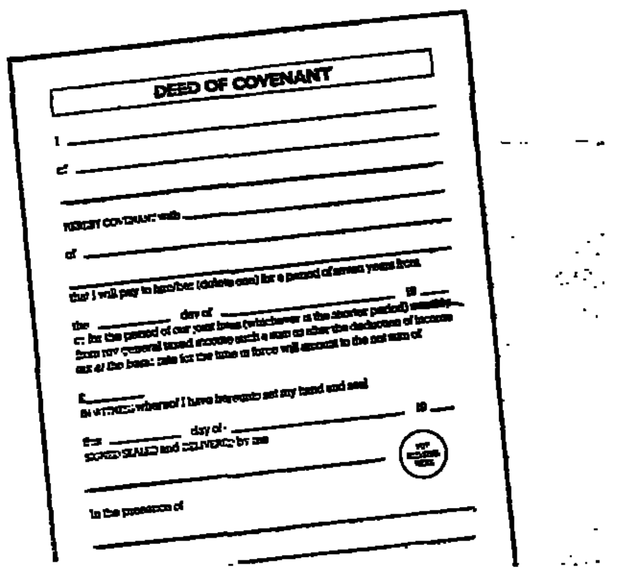
Perhaps the most attractive investment for the non-taxpayer would be Friendly Society products such as the new Baby Bond launched by the Tunbridge Wells Equitable Friendly Society in conjunction with Dominion Insurance and Town Law.

Such an investment produces a tax-free capital sum at the end of 10 years and the premiums qualify for tax relief. However, its usefulness is limited by the fact that the maximum premium to qualify for tax relief is £100 a year.

The Inland Revenue is more generous if you draw up a deed of covenant in favour of a charity. You are able to deduct tax at your highest rate up to a maximum of £10,000 a year. The charity is only able to claim back the basic rate but you claim the extra relief at the end of each tax year.

Where you make gifts of over £10,000 to a charity you still get relief at your top rate of tax up to that ceiling and at the basic rate on amounts above that. In addition the required period of the covenant is shorter —only three years rather than six. If you want to give to different charities each year you can make your covenant payable to an intermediary charity organisation which passes the money on to your chosen charities.

Margaret Hughes



Covenants are legally binding agreements so you should ensure that they are correctly drawn up and signed in the *presence of a witness other than the beneficiary or relatives* or indeed your own relatives. It even has to contain the words "signed, sealed and delivered" and ideally sealed, although the Inland Revenue does not always insist on this. It is possible to draw up your own deed of covenant but this is full of possible pitfalls. You would do best to use the standard forms provided by insurance companies, unit trust groups, charities.

Briefcase

My house is falling down

The house where I live is owned by a trust, of which half the capital goes to my daughters when they attain the age of 25 in three years time. Thus they will own half the house. I am a protected tenant, paying rent.

The house, in Group IV of the Building of Historic Importance classification, is now in danger of collapsing, and already the boundary wall has fallen down.

My pleas to the trustees are completely ignored. What action can I take to force them to put the building and the boundary wall right?

If your contractual tenancy was granted for less than seven years you may have a claim under the Housing Act 1969, but your best course would probably be to try to get the local authority to serve a notice on the trustees requiring the works to be done to the house either as a dangerous structure or under the Housing Acts.

No liability for damage

About 15 years ago a house was erected less than a metre away from our boundary which was then a mixture of hedge and trees. In the intervening years the trees have grown giving us a degree of privacy and the occupiers next door problems. In our own interest we have from time to time topped the trees, but possibly because of the proximity of the wall of the house, lopping only seems to encourage growth. Similarly our neighbours have cut and sawn off offending growth, as the law allows. For a long period our neighbours have had the house on the market for sale . . . and from time to time we get letters from them demanding that the trees be cut. To quote . . . "offending branches are taking away their light . . . damage could be done to tiles, etc, etc, and now a recent letter has drawn our attention to a crack in one tree which would do horrific damage if brought down in a storm." We have asked the advice of someone who has been connected with trees for a large part of his working life and he can see nothing wrong with this particular tree to cause alarm. We are prepared to yet again top the trees after the fall.

Would you agree that we have no responsibility to the owners of the adjoining property, they already having the right to lop off anything that offends?

What would be the position if because of *one-sided lopping* damage did occur on either side?

What would be the position if damage was done "after the warning we have been given?"

We think that you have no need to accede to your neighbours' demands, especially as they cannot have any right of light in law. Provided you have the trees inspected and that no danger is reported on inspection there would be no liability for damage unless it was caused by negligent lopping (or other treatment) of a tree.

Let there be light

***My wife allowed* a glass cooking pot to boil dry; she moved it towards the sink in order to add water forgetting that the bottom of the pot was almost red hot. As a result the worktop was badly scorched. I claimed under my "building" policy for the cost of replacing the worktop which is an integral part of a fitted kitchen installed three years ago. My insurers have rejected the claim on the grounds that as there was no actual ignition there is no cover under the "fire" section of the policy. "Fire" is not defined in the terms of the policy. I should therefore like you to let me know whether ignition is necessary before a claim can be entertained?**

The insurers are correct. It has been established in the courts that for the purposes of insurance law ignition or combustion is an essential element in the occurrence of a fire; mere heat, however great, is not sufficient.

Withdrawing support . . .

***A house extension built seven* years ago brings my house wall to my neighbours boundary. He requested permission to insert two steel supports into my wall across to his wall, to support a car port. He is now moving house.**

How do I retain the right to ask for the removal of these supports by the next owner of his property, if necessary?

You must write to the new owner pointing out that the steel supports are subject to your licence and offering to give him a fresh licence (preferably in writing), which should of course be a revocable licence.

CGT: intricate and arbitrary

In 1970, while owning and living in my main residence, I bought a derelict cottage for £3,500. In 1973, after repairs and improvements had been carried out, I began letting the cottage. In 1984, I sold my house and moved into the cottage, which became by main residence. The value of the cottage at that date was probably £35,000.

Since then further improvements have been made, including the addition of land, so that in another few years when I sell up and move into a home, the value of the whole property could be £100,000.

Could you please tell me if the tax is based on the profits between buying the cottage and my occupation, that is 1970-1984 (in which case ought I to get an immediate valuation?) or is it based on the total length of ownership, which would seem to be unfair?

The CGT rules relating to private residences are intricate and arbitrary. Nobody in the Revenue or the Government would claim that the rules are equitable—merely that they are administratively convenient, perhaps. You will find a sketchy outline (unfortunately oversimplified) in a free pamphlet CGT4, obtainable from your tax inspector's office.

If you care to give us all the figures and dates, we can give you a more helpful idea of the prospective CGT position. The only valuation which may be relevant is at March 31 1982 (with the sitting tenant).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Saleroom

Garrick by Gainsborough

WHILE APPEARING at the Alexandra Theatre, Birmingham, actress Adrienne Corri was much taken by an 18th century portrait hanging unobtrusively on its walls. The picture became something of an obsession and Miss Corri was able in time to accumulate evidence to convince the late Sir Ellis Waterhouse, a specialist in this field, that the painting was not only one of the earliest works by Gainsborough but that the subject was the legendary actor David Garrick.

The theatre now is selling the painting (at Christie's on Friday). It carries an estimate of £50,000-£60,000, not insignificant but suggesting that there are still some doubters among art historians that this could be the work of a 15-year-old. Without these qualms, the price would be around £200,000.

The Corri Gainsborough is just one of the paintings that makes next week the most exciting for pre-Victorian British art at auction for many months. Sotheby's, too, has a major sale, on Wednesday; and with recent auctions confirming that this is a strengthening market, some very high prices should be realised.

Christie's has perhaps the biggest coup—a group of paintings acquired by the American, Ray Livingstone Murphy, who was the Orson Welles of the art world, blazing gloriously but dying suddenly in 1953 at the age of 29. One of the first to re-discover Edward Lear's artistic skills, he occupied the last private mansion in New York's Park Avenue; his mother lived on there as a recluse. The experts from Christie's called in after she died were confronted with dozens of "lost" paintings by artists such as Benjamin West and John Martin. Indeed: Martin's "The flight into Egypt" was still lying propped against some stairs: it had never been hung. Burphy bought it in 1951 for about £70: it carries a conservative top estimate of £150,000.

Other important Murphy paintings are West's "Cicero and the magistrates discovering the tomb of Archimedes" (estimate £100,000-£120,000); two Middle Eastern views by Lear; and three works by Kneller, two of which Murphy bought from Colnaghi for £50 each in 1953 and which should now go for more than £10,000 each.

One attraction of the Murphy lots is that they are British pictures coming home, as are two Romney portraits exported to the US by the great dealer, Duveen, in the early years of this century when the American *nouveaux riches* were competing fiercely for paintings of ancestors—anyone's ancestors. Another prodigal that could be resettled in England (for, *in* this market, British buyers naturally predominate) is "Young Master Day." This depicts an attractive red-coated lad; Christie's attributes it to Gilbert Scott (after thanking Sir Ellis Waterhouse for his advice in the catalogue that it is the work of George Romney). In 1913, Christie's sold it to Agnew for 820 guineas as "early English school," and then on to the US. It is now valued at £200,000.

By happy chance, Sotheby's auction on Wednesday, its best in this sector for a couple of years, complements rather than confronts that at Christie's. Its *greatest strength is its sporting* pictures, much loved by Americans, especially those of famous racehorses. The highlight is a fanciful painting by John Frederick Herring Snr of four of the greatest horses of the early 19th century — Plenipotentiary, Touchstone, Priam and Grey Momus—with jockeys up and having a tussle at Epsom. They never actually competed in the flesh but this panorama of the sporting greats could go for more than £400,000.

Of equal interest are paintings owned by two successful modern financiers. In the 1960s and early 1970s the American, Jack Dick, bought sporting pictures by the dozen, and at bargain prices, and then quickly sold them through Sotheby's. Some were acquired by the late Sir Charles Clore and now reappear at auction.

Another Herring Snr of Oaks winner Vespa with owner, trainer and groom carries a top estimate of £200,000. It made £62,000 at the Dick sale in 1973. Mameluke, a Derby winner painted by Ben Marshall, went for £40,000 to Clore at the Dick auction and could now fetch £300,000, for Marshall now is much sought-after.

Americans are not quite so keen on hunting pictures but there should be enthusiastic bidding for John Ferneley Snr's "A hunt scurry in Leicestershire." Ferneley was perhaps the best of the early 19th century artists of the hunt, and this one depicts the Quorn in full flight. It has been in the family of Whyte Melville until now, and carries a top estimate of £180,000.

Sothebys also has some good portraits, especially of the 16th and 17th centuries. This area has shown the most rapid price appreciation, mainly because the works were ridiculously cheap a few years ago. A portrait of Charles de la Tremoille (a Chlore picture), painted by John Michael White and in a fine frame, carries a modest estimate of £15,000. Five years ago, it might have made £3,000.

The rarest picture in the sale is a prospect of Weald Hall in Essex, painted around 1700. It is a panorama of the country life of the time, with peasants in the field and the gentry at play around the big house. It is vast, 113 inches by 191, and might suit a museum. An estimate of £80,000-£100,000 seems reasonable for a slice of history and a type of picture seldom offered for sale.

Sotheby's, too, has pictures formerly in the US, notably a portrait of a lady by William Doughty. This indicates just how popular such pictures were in the 1920s, selling for 3,500 guineas in 1925 as against a £5,000-£8,000 estimate next week. But then, in 1925 it was attributed to Reynolds.

Antony Thorncroft

Master Day—by Stuart or Romney?

Collecting

When comics get serious

COLLECTING comics is a serious business. There is an *annual comic convention* and a thriving Association of Comic Enthusiasts with more than 200 members who are interested also in the history and development of strip cartoons.

Intensive research is carried out on every juvenile comic, story-paper and magazine, together with start/stop dates, publisher information, special editions and so on. Already, the years 1900 to 1939 are complete.

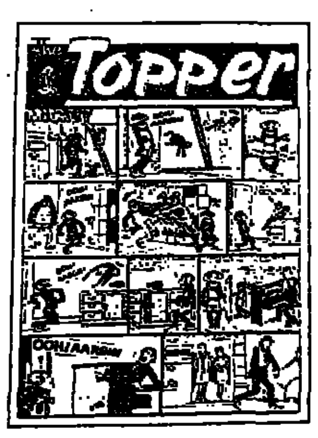
Membership of ACE is almost all male—there are only two women. The age group is mainly 30s to 70s, with the occasional 11 to 13-year-old.

Undated cover designs of D. C. Thomson and Amalgamated Press comic annuals are identified, and there are detailed listings of the free gifts that went into some issues. ACE is at 80 Silverdale, Sydenham, London SE26, and the subscription is £5 (or $12) a year.

The man behind this comic cult is Denis Gifford, whose most recent book is *The Complete Catalogue of British Comics*, including a price guide (Webb and Bower £16.95). It takes you through the early coloured numbers (older comics often had full colour on the front page only) to the goings-on of Jane, Flook, Daniel Boone and Andy Capp.

Gifford says he started collecting as a child but most of his originals were thrown out when he was evacuated in the Second World War. He is still trying to replace the number one of *Dandy*, 1937, with its "Express Whistler" free insert.

The first comic is credited as *Funny Folks*, produced by James Henderson between 1874-1894. It ran for 1,614 issues but never featured a true comic-strip hero. This was supplied by a near contemporary, *Ally Sloper's Half-Holiday*, published by the Dalziel Brothers. The character's name derived from his habit of sloping down an alley when the rent collector arrived. And whether holding forth on the freedom of the individual or selling rotten oysters on Brighton beach, the odd figure with his battered topper, spats and furled umbrella always came out on *top*.



The Topper, featuring Mickey the monkey

Peak circulation was 350,000 a week but this first in a long line of rogue-heroes "died" in 1914.

That same year the first comic actually designed for youngsters appeared: *The Rainbow — the Children's Paper That Parents Approve of.* It reached a weekly circulation of around a million copies, one of which was delivered regularly to Buckingham Palace for the princesses Elizabeth and Margaret.

Gifford says the ideal condition of an old comic is mint, which means as bought on the day of publication. "But, in the main, comics are either good (having been read by the owner and filed away), or not so good, having been read, swopped and generally handed around. Most collectors are so keen to have a missing number that they will probably accept it even if it is torn, tatty or repaired."

Comics in "runs" or bulk are always much cheaper than buying a single copy. The rarest and oldest issues do not necessarily cost the most. No 1 of *Funny Folks* is in the £5 to £10 bracket while No 1 of *Beano* on July 30 1938, can go to £20 and more, says Gifford, while making the point that *Dandy's* first issue—so rare that there is no known copy in private hands—would be likely to fetch considerably less than the *Beano*.

Some of the pre-war give-away comics are extremely rare. Only one copy is known of *Lilley and Skinner's Kiddies Comic*, 1936-37, given away with their shoes. But you can probaly buy *The Ovaltiney's Own Comic* of the 1930s for between £3 and £5.

Worth considering are "libraries"—the trade term for pocket-sized comic books. They date back to the Victorian era when old story-paper serials were reprinted in paper-back format. Two new Fleetway Libraries are Air Ace and Western Picture.

Collections on a theme can be built up through comics such as *Film Fun*, *TV Comic*, and the Gerry Anderson Thunderbird series.

For further reading there is Kevin Carpenter's *Penny Dreadfuls And Comics*, the catalogue of an evocative exhibition in 1983 (£8.95 plus £1 postage from the Bethnal Green Museum of Childhood Bookshop, Cambridge Heath Rd, London E2).

To keep comics in good condition, there are some essentials. Never fold them; when restoring, trim rough edges with a guillotine, not scissors; repair tears with special document repairing tape; and store away from sunlight to prevent fading and yellowing.

June Field

Antiquarian books

Learning from times past

TO POSSESS one's own antiquarian bookshop is a dream many book collectors indulge in from time to time. It offers some of the pleasures of a good fantasy: the opportunity to look through unlimited quantities of old books in search of hidden treasure; the joy of buying cheap and selling dear; the unsubdued hope that Will Shakespeare's personally annotated copy of Hamlet will be found lurking in the next batch—perhaps with a few unknown sonnets inscribed on the end papers. Owning such a shop would be the chance to shed all those remaining guilty doubts that book collecting is an expensive and trivial occupation, less healthful than golf and less likely to win friends.

Sir William Rees-Mogg bought his first rare book in 1939 when he was 11. Over the years since he has built up a distinguished collection. When he retired from the editorship of The Times in 1981 he became the owner of the long-established firm of Pickering and Chatto: he has been a customer there for 30 years. In 1982 the business moved to premises in Pall Mall, and now Sir William has written his own book "How to Buy Rare Books," drawing on his experiences on both sides of the counter. It is published by Phaidon and Christie's at £15, in the series called Christie's Collectors' Guides.

The reputations of editors, the author remarks generously, are built by the young journalists whom he employs. When he took over Pickerings he engaged a number of experienced booksellers from other firms; they have helped in the preparation of the more specialised sections. The book is therefore something of a collective effort. It is intended as a practical guide, and the tone is uniformly serious.

Books, Sir William argues, following John Milton, are not dead things. To possess a book is in a way to possess the ideas it contains. The love of books is not, he says, "a mere fancy" nor "an attraction only to the physical object." A collector's books are "a focus of a deeply felt emotion, an expression of an important part of his personality, an enlargement and intensification of his life." Besides, you learn a lot. Over half of Sir William's store of knowledge, he confesses, derives from his collecting activities.

A section describes how the book trade works: the relationships between the dealers and the sale rooms; advice on how to place a bid; how to get yourself on the mailing list for catalogues from shops, and how to read them when they arrive.

There is a useful glossary of commonly-used terms, suggestions for further reading on more detailed aspects of books, and a list of addresses of prominent names in the trade.

Sir William is concerned, he says in the Preface, to relate to his customers in the way that a newspaper tries to relate to its readers. He is also keen to encourage new collectors and new customers. The book is therefore written mainly from the point of view of the trade rather than that of the purchaser. Novice collectors, besides buying books, are exhorted to employ dealers on commission, to take out subscriptions for auction catalogues even if they do not often buy at auction — and to settle their bills promptly.

The author is concerned principally with the more expensive end of the market where—as industrialists know — competitiveness diminishes in importance. Readers are warned that there would be no enjoyment in collecting if it were easy or cheap; sale room estimates which tend to be on the low side are described as "pessimistic." Collectors who might prefer their books to be priced in tens of pounds rather than hundreds or thousands are thus made to feel slightly uncomfortable, like someone who goes into a shoeshop with hole in his sock.)

In fact, most collectors prefer, if they can, to intercept the books at an earlier stage in the selling chain. There is no fun in paying top prices. Before books reach the international market and disappear for ever across the oceans, collectors and dealers tend to compete. But there is no mention of the book fairs which, in recent years, have become one of the best ways of inspecting quantities of antiquarian books together.

It is a pleasure to browse through, admiring the reproduced title pages of famous books and the contemporary pictures of the stages of book production. But if you give it to your godson for Christmas, be sure to give him some advice as well.

William St Clair

Designer bookbinders

Embellishment rich and rare

COAGULATED leather dust hardly sounds like a propitious ingredient for a luxury book. However, as I have discovered from a remarkable exhibition of Designer Bookbinders at Leighton House, Holland Park Road (until November 23), it is only one of many strange substances used to embellish the covers of modern fine book-bindings.

This large and richly varied collection of books represents the best of British fine-binding.

It is the work of Fellows and Licentiates of the prestigious Designer Bookbinders, a society formed 20 years ago to keep a notable British skill alive and also active through innovation and imagination. The show is not only for *cognoscenti*—the numerous but secretive band of book-collectors—but for ordinary civilised mortals who need educating in the pleasures of collecting fine bindings. A healthy peppering of red stickers shows that these books, priced between £500 and £3,000, have won their admirers.

You may be more familiar with designer jeans than designer books, and wonder what these are, and why they are eminently collectible. James Brockman, president of Designer Bookbinders, guided me through a lively, somewhat elite corner of the book world. Fine bindings of sound investment value are in a different league these days from worthy, leather-bound tomes produced by the few trade binderies to have survived the onslaught of mass publishing technology.

Nor does a designer book have anything in common with lumpy, gold-tooled red volumes, lovingly produced by some gently-reared Jemima after a course of evening classes. The Fellows of this society have served a long apprenticeship (in Mr Brockman's case, seven years on gold tooling); and may spend lean years once they set up on their own. Most make ends meet by teaching, and by repairing antique books, but the moment they wait for is when some Maecenas walks their way with a commission to exercise their skill and imagination, in creating a unique book.

Part of the pleasure of collecting fine-bindings is that for once the piper, without entirely calling the tune, can at least play something of a duet. If you have a book you enjoy—probably a limited edition—you will contact a designer whose style you admire and seems to mesh with the book's message. Although not all fine binders agree, James Brockman likes to discuss the project with prospective clients; he also believes that the theme of a book should pervade the binding.

The Leighton House show radiates out from the nucleus of a distinguished private collection, built up in 25 years by the book-binder, Elizabeth Greenhill. She has commissioned many works and warmly recommends the pleasure of acting midwife to works by such internationally famous binders as Sally Lou Smith, David Sellars ("not too much sludge," was her only request, knowing his sombre style), and James Brockman. Fine bindings do not slot in among the Penguins on your shelf; they nestle in boxes which are made as meticulously as the books, from which you take the book to show your friends.

Not all the works on sale at Leighton House conform to a traditional idea of a book, although only one is a "book-sculpture"; Dee Odell-Foster's strange G. B. Shaw set into a superbly crafted black crucifix.

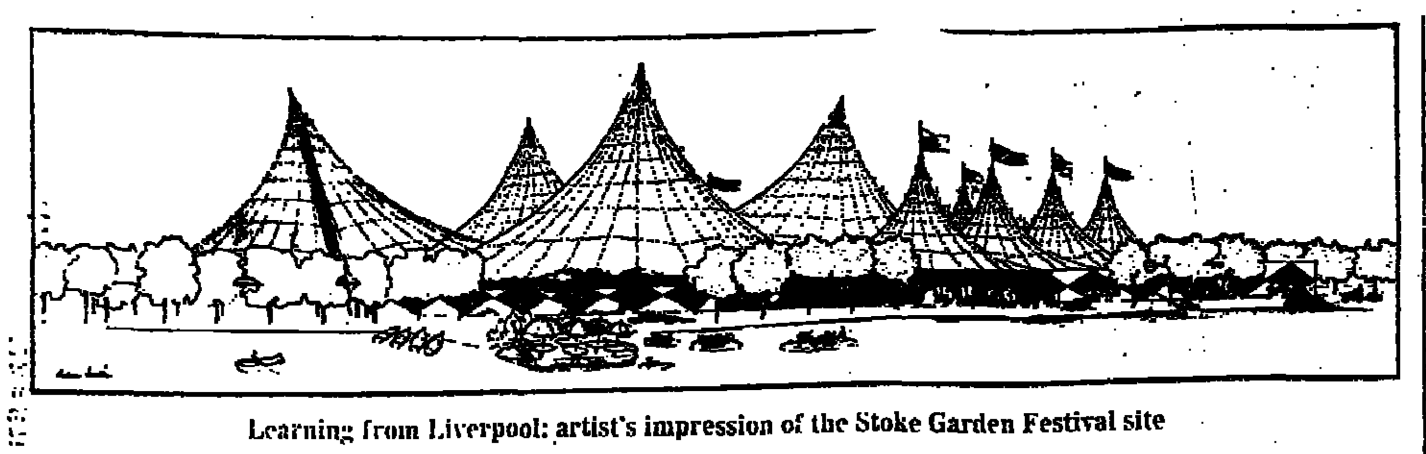
Also on the bizarre end of the spectrum is a book by Philip Smith, one of the gurus *of the profession, which takes* the form of a Tolkienesque rift valley among towering peaks.

Half the pleasure of fine book-binding is tactile. The thrill of handling a magnificent book is at least as great as tasting vintage claret if you know only supermarket plonk, or a day's hunting on a well-schooled thoroughbred if you know only the riding-school's plugs.

It is impressive to note the range of mood which can be created simply from doublures, boards, end-papers and spines. Gloomily austere is Romilly Saumarez-Smith's handling of D. H. Lawrence's *The Ship of Death*; oppression and loneliness is the effect of David Sellars' muddy-looking *Peter Grimes*. In complete contrast, Denise Lubett's Baluchi rug motifs on a travel book are cheerfully literal, and a Faith Shannon binding conveys an extraordinary sense of a moorland landscape. Above all, visitors will be amazed in contemplation of the man-hours which lie behind these conglomerations of calf, goat, vellum and much, much more.

Patricia Morison

• D I V E R S I O N S •



Learning from Liverpool: artist's impression of the Stoke Garden Festival site

Green grow the gardens — O!

Gillian Darley looks at the transformation of derelict Stoke townscape into parkland, for the Garden Festival

GARDEN FESTIVALS, long a feature of northern European life, will be with us for the next decade at least. Liverpool led the way last year; Stoke-on-Trent follows next May. Beyond that comes the greening of Glasgow and Gateshead and, in 1992, a site somewhere in Wales will have its festival.

The phenomenon originated in an Environment Department study paper issued in 1980 and was given substance by the announcement, immediately after the Toxteth riots, that Liverpool would be the site for the International Garden Festival 1984. On the face of it the transformation of hundreds of acres of derelict urban landscape into gardens and parks seemed an exercise in papering over unpalatable realities. The Liverpool project came under fire, and the site is not faring well against a background of continuing strife within the city authority.

There are two issues at stake here, and two timescales. One is the long term fate of such sites: should they be redevoped —the new landscape and festival buildings virtually eliminated for the good of the city, and for the widest possible benefits for its people? The other issue is less contentious: short-term planning of the Garden Festival. The two issues are inextricable.

The future of the Liverpool site was uncertain: it seems just at unresolved at Stoke. However in Stoke a woodland ridge (formed of tipped materials and constructed upon two lagoons) will remain as permanent public open space. The City Council *has been torn between the* attractions of the immediate event of the festival, and the intention to prepare for future development. Though uncertain whether they are planning in the long or short term, or both, simultaneously, the organising team at Stoke-on-Trent has learned a great deal from the experience of their opposite number in Liverpool. Despite inevitable differences in everything, access, terrain, climate, there are still sufficient common denominators to make this exchange valuable. Design coordinator Joe Samworth, an *urban planner and landscape* architect, was appointed in late 1982. By the time the Festival throws open its gates he will have been there for three and a half years. He was confronted, on arrival, with reclamation proposals ready to go to tender; his immediate task was to modify these, cutting a ravine through the high ridge and modifying its form in view of the likely shape of the festival master plan. In an ideal world the site reclamation would have dovetailed with the landscape design: but timetables ruled that out.

Another improvement suggested by Liverpool was to make circulation easier. At Stoke the visitor will have much less back-tracking, and a more coherent overall plan. Here, on a marginally smaller site, with car parking mostly outside the perimeter, the public has a choice of walking a perimeter route, taking seats on a miniature railway or (a last-minute addition) riding in a cable car. A tall mast supporting the latter will be a prominent feature, marking the site from the distant approaches, as well as giving visitors bird's eye glimpses of the festival.

In terms of landscape, there is much more emphasis on parkland than there was in Liverpool; plenty of lawns break up the potentially "busy" effect of theme gardens (originally planned to number 30, now more than 70). Thick planting of fast-growing species has already provided good, if juvenile, woodland.

A strong influence, this time, is the historical garden. Josiah Wedgwood's Etruria Hall, restored after years of neglect, forms the focus for a sequence of theme gardens in which authenticity of planting and design is the object. It is too early to judge; this ambitious plan even includes an effort to *evoke the Romantic landscape* within a few square metres.

Stoke has gained from a reasonable run-in period. But uncertainties over finance caused some of the momentum to be lost. At the outset the capital budget for the festival was £5.3m; Liverpool cost £13m and Munich £60m. Obviously more had to be found. Jointly funded by the Department of Environment, Staffordshire County Council and Stoke City Council, the latter two could not raise their share further.

Finally, a year after Mr Samworth had taken up his post, the DoE raised the total to £9.7m. Only then could the next stage take place—the appointment of five design teams, all chosen by competition. Larger landscape practices tend to win in such conditions, for the work needs rapid deployment of considerable numbers of staff and there is no contingency for delay.

The Stoke Garden Festival looks promising so far. The major buildings are well advanced and the "family" of greenhouse-based structures, designed by architects Sebire Allsopp, *circumvent a very tight* budget and provide a consistent (and appropriate) image throughout the site. Exploiting the potential of new polycarbonate materials for roofing, they form a convenient kit of parts with almost endless possible variations; serving equally as a complex sequence of entry kiosks or—a considerable spread —the Festival Market. Elsewhere they serve as restaurant or café, and as railway stations (already sold to British Rail).

The Festival Hall itself is where the experience of Liverpool has given lessons. This one, a tented structure all in white, is much smaller and will be largely given over to horticultural display. In Liverpool it was difficult, once inside, to get any impression of Arup Associates' great open hall, hard won, with special structural devices: the place was cluttered with stands. The Stoke version, designed by Richard Burton of Ahrends Burton & Koralek, winner of a small invited competition, will be less dominant in relation to other buildings on site.

There seems little doubt that Stoke will attract vast crowds. It is, if anything, better situated in terms of catchment area. But the purpose of it all remains unclear: is it intended as a gesture of confidence, a generator of employment, or just a kind of Festival of Britain affair "let them eat tulips" amid the encircling gloom? The involvement of Stoke City Council should help to clarify issues: from the minute the first customer goes through the gate the participants begin to recoup their investment.

It will be intriguing, and instructive to those cities which follow their example, to see what they make of the opportunity. The city went to great lengths to attract the event and the excellent work that has gone into the Stoke Garden Festival promises to give them a great asset. But what will become of it?

Gardening

Weeping beauty

I FIND it astonishing that nurserymen have been so slow in taking up birches. They are among the nicest forest trees for planting in gardens; fast growing when young but, for the most part, not overpoweringly large when mature, lightly branched, and with small leaves that do not cast excessive shade.

Some kinds also are very graceful in habit and most have attractive bark, although it is by no means always white. There are something like 40 different species distributed around temperate parts of the northern hemisphere in Europe, Asia and America; so far as I know, all are hardy in Britain although in slightly varying degree.

Because all have a strong family resemblance, the foreign kinds fit in well with our two native birches and never look out of place in the landscape. *All are easy to grow; most* prefer well drained soils but there are some that like it moist. Many have a particular liking for poor soils, which our native birches often are the first trees to colonise.

For the most part, birches do not live long although that needs to be put into perspective. I have birches that have been in my garden for more than half a century and are not showing any signs of giving up: but a 50-year-old oak or beech would still be young, whereas a birch of that age definitely is getting old.

You would be lucky to find half a dozen kinds in most nursery catalogues and three of these would be varieties of one of our native birches, Betula pendula. Hunting through the lists of specialists, though, it is not too difficult to increase that number to 10 or 12; and I notice that some of the big wholesalers, who supply the garden centres, now are growing B. utilis and B. ermanii, two beautiful Asiatic species. There is, however, a snag.

Almost all birches are very variable when grown from seed, *which is the easiest and* cheapest method of producing them. If you take a close look at any birch wood, the variation will be obvious in the colour of the bark and the habit of the trees. We call them all silver birches, but probably not more than half will really justify that name. Many will be predominantly grey.

We also call them weeping birches and that is reflected in the botanical name "pendula"; but, again, the description is appropriate only for some trees. Most of the younger ones are entirely erect and it is only with age that many will begin to produce pendulous branchlets.

There are exceptions, though, and some of these have been selected and propagated for garden use. The most beautiful is Tristis, but it can reach 60 ft or more when full grown. The most manageable is Young's Weeping, for its branches hang down from the outset. It needs to be tied to a stake when young to give it a good trunk from which to weep.

The snag is that, unless you buy a selected and named variety, it is not easy to be sure *how good* the bark colour or the habit of growth will be. Saplings may have grey bark and yet, in a year or so, may become dazzling white, orange or rich brown, according to species. The two named varieties I have mentioned and also the Swedish birch, B. pendula dalecarlica, which has deeply cut leaves, all have good white bark, but there are few named varieties of the exotic species.

The whitest of white birches can be Betula jacquemontii; but even this can vary a lot between those forms collected in the western Himalaya, where they are usually white, and others from the central and eastern parts of that great range and further north in China, where they vary from white to brown.

I have three young trees of Betula utilis—one golden brown, one pink and white and the smallest no more than grey, although doubtless this will change as it gets older. I also grow Betula ermanii and it is a very nice tree, making a rather narrow in habit and with bark that is becoming even more cream and pinkish beige with each passing year. At first, I was rather disappointed by its greyish-white colour, but that was evidently a juvenile feature. This birch grows as far north as Kamchatka.

Another kind I grow is Betula lutea, the yellow birch. The leaves are rather large by birch standards and the bark is tawny gold. As it ages, it should peel to reveal pink and pale orange beneath. B. albo-sinensis is another that can be picked up from time to time. It is called the Chinese red-barked birch and in its best forms is a mixture of reddish brown and orange.

The River birch, B. nigra, is even darker and, with our native B. pubescens, is unusual in preferring moist soil. The paper or canoe birch, B. payrifera, has good white bark and a very much stouter trunk than any of the others, which makes it very conspicuous.

Arthur Hellyer

Fishing

All hands to rod and line

I HAD spent a fruitless couple of hours trying to tempt a salmon which was constantly showing itself to take my fly. He took an interest twice. On one occasion he swam slowly round it, the bulge on the surface of the water showing the deliberation of his movements, then he showed himself about a foot away, a black backed reddened fish, an obvious long stayer. I went on fishing and saw him a number of times always in the same ten yards of the stream. I covered him at all angles and at all depths with the smallest and the biggest flies in my box.

He came once more, making a dash along the surface straight at where I judged my fly to be, but missed it completely. At length I tired of the fruitless endeavour and as the sun was warm I chose a patch of soft grass on the edge of the pool, spread my anorak and sat on it to contemplate the infinite. It wasn't long before the infinite in the shape of the best of autumn colourings soothed me so much that I lay down and slept.

I was awakened by the chill as the sun sank below the trees and the shadows lengthened. I looked at my watch and saw that I had slept a good two hours, the upstream breeze had dropped and the water surface was like glass. I tried another half hour casting, covering my old friend's lie in the process, but I knew it would be useless. He like every other fish in my part of the river had decided to call it a day.

At the inquest in the pub that evening I gave an account of my stewardship, omitting all mention of my sleep; after all, we share the catch. Only to be told that my neighbouring rod, some hundreds of yards upstream had managed a catch of seven. He was a stranger, a detective in an urban force who had been given a day in an area where we had spent the most of the morning with no result. Two others had fallen to our party. They just were not taking in my particular pool, I said.

This refusal to take is the classic excuse for a blank day's salmon fishing. But why had the detective been so successful in a stretch where every size of fly had been disregarded an hour or so before he came on the water? His style of fishing was unorthodox, long sinking tip to his line with a tiny shrimp fly hugging the bottom of a slow-moving stream. He slowly stripped in the line, not relying on the current to take it round.

For the next three days this pool was fished with varients of this technique for most of the time, but the fish that were caught fell to larger flies and of course none to me, although I slept on the bank no more. Then on my home I stayed with a friend on the Tweed on which he has a beat. Ten years ago he took no interest in the fishing and let most of the rods, but when I stayed he used to give me a day or so. At the end of one November I caught a fish and was so cold after landing it that I put the rod in his hand, told him what to do, and went for coffee. Half an hour later I returned to find him with a fish on. I landed it for him and he caught the disease.

He keeps all the rods in hand and has turned into an excellent ghillie, handling a boat with skill and knowing all the lies of the fish and the phrases with which to encourage the angler. We had three sessions on the river and it looked very hopeful. Never have I seen so many fish head and tailing, leaping in the air, and even doing the sort of quivering dance on their tails that sea trout delight in.

To see a big fish disporting like this within a few feet of the boat is quite encouraging. One even hit the boat with a

resounding crash, but recovered before we could scoop him in.

As we arrived on the river we saw a rod upstream land a fish. Encouraging we thought. For a day and a half we fished the river hard, with every sort of fly and at every depth while he manoeuvred the boat. At one stage he ordered a new batch of flies to be brought, with the radio that the best Scottish farmers equip themselves with. To no avail. I left on the Saturday, hands blistered by the heavy rod and tackle. "Why don't you stay until Monday, they will have been rested over Sunday then."

Regrettably I could not. On Monday night he phoned me. On Monday morning, he said, he had caught four and lost two more. Why don't the salmon take to me any more I wonder.

John Cherrington

CHESS

GARY KASPAROV at 22 became the youngest-ever world chess champion this week after the best match since title contests began in 1886. He beat Anatoly Karpov by 13—11, five wins to three with 16 draws, in a series whose high quality atoned for their aborted marathon a year ago. Kasparov's victories in games 16, 19 and 24 and Karpov's in game four were all masterpieces while the incidence of unforced error was significantly lower than in the celebrated Fischer-Spassky match of 1972.

After being crowned with the traditional laurel wreath Kasparov in his post-championship press conference provided some clues to the style and approach of his new reign. Karpov was ever the correct and polite Moscow ambassador, aware of chess politics and giving his supporters the perks of office and visits to the West.

Early indications are that Kasparov, the opposition man suddenly elevated to government, has immediately toned down his abrasive references to FIDE and the Soviet Chess Federation. He diplomatically praised the sporting atmosphere and good organisation, looked forward to the renewal of creative battles with Karpov, and wiped the slate of his former criticisms: "Kasparov the champion is not the same person as Kasparov the contender."

He said that his first event as the new champion will be a six- or eight-game match in mid-December against Jan Timman of the Netherlands, the world's highest rated player outside the Soviet Union and the only non-Russian left in the title eliminators which decide Kasparov's opponent in autumn 1986.

This implies that Kasparov is returning to Azerbaijan for a holiday rather than leading the Soviet team in the inaugural world team championship which starts this weekend in Switzerland, where the Soviet team faces keen opposition from England and Hungary.

Kasparov as world champion will have two continuing problems. One is his ambivalent position as an unorthodox, maverick superstar with public appeal and hard currency earnings in the West who also has to be an example to young sportsmen in Soviet society. At some stage he may find these two dissimilar roles irreconcilable.

The other difficulty is the Soviet monopoly control of world chess which has already given a near clean sweep of the latest candidates tournament. There will probably be sufficient interest for a third Karpov-Kasparov match to be staged in London or Marseilles, unsuccessful bidders for the championship just completed. But continual KvK encounters will soon lose their appeal, however good the chess. The opponent Kasparov really needs is Bobby Fischer, but there is little chance of luring *the eccentric American from* his self-imposed exile.

The game which made Kasparov champion:

White: A. Karpov. Black: G. Kasparov. Sicilian Defence (24th game).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-QR3; 6 B-K2, P-K3; 7 O-O, B-K2; 8 P-B4, O-O; 9 K-R1, Q-B2; 10 P-QR4, N-B3; 11 B-K3, R-K1; 12 B-B3, R-N1; 13 Q-Q2, B-Q2; 14 N-N3, P-QN3; 15 P-N4.

In game two Karpov played 14 Q-KB2 and in game 15 B-B2; now he goes for direct attack, a choice dictated above all by the match score.

15...B-QB1; 16 P-N5, N-Q2; 17 Q-B2, B-B1; 18 B-N2, B-N2; 19 QR-Q1, P-N3; 20 B-B1.

Played after 40 minutes' thought. The strategically minded Karpov most likely already sensed flaws in his own plan.

20...QR-B1; 21 R-Q3, N-N5; 22 R-R3, B-N2; 23 B-K3, R-K2!

A subtle defence against White's planned P-KB5. Instead 23...BxN? 24 PxB, QxP fails to 25 B-Q4, Q-B2; 26 RxRP!

24 K-N1, QR-K1; 25 R-Q1, P-B4; 26 PxP ep, NxKBP; 27 R-N3, R-B2! 28 BxP, Q-N1; 29 B-K3, N-R4; 30 R-N4, N-KB3; 31 R-R4, P-N4!

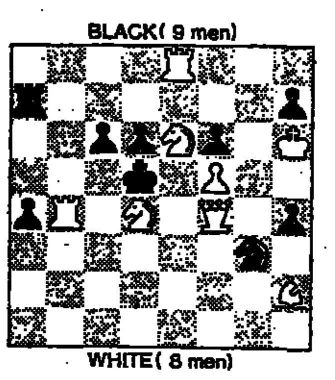
After Karpov effectively declined a draw by repetition, the sacrifice of both NPs is a brilliant concept to break open the game and control the dark squares with queen and bishop.

32 PxP, N-N5; 33 Q-Q2, NxB; 34 QxN, NxP; 35 Q-N6, B-QR1! 36 RxQP, R-N2; 37 QxP, RxN; 38 RxKP, RxP; 39 Q-B4, K-R1; 40 P-K5, Q-R2 ch; 41 K-R1, BxB ch; 42 KxB, N-Q5 dis ch; 43 Resigns. In the final moves Karpov was still trying for mates and traps, even at the very end when 42...RxR?? would lose to 43 Q-B8 ch.

PROBLEM NO 594

White mates in two moves, against any defence (by J. Haring, 1967). A problem of choice: the black king is trapped but White has to decide between several plausible regroupings.

BLACK (9 men)



WHITE (8 men)

SOLUTION PAGE XV

Leonard Barden

BRIDGE

WHEN the Lords and Commons played the US Congress last years at Washington, the British team won. Eager for revenge, the Congress Bridge Team is coming to London this month, and will play the return match at the Park Lane Hotel on November 26. American Express have sponsored the match and the entertainment of our visitors. Special application for tickets to see the match at the hotel on Vu-graph should be made to Amanda Williams, American Express Europe Ltd, Portland House, Stag Place, London SW1E 5BZ. The tickets cost £10, and all proceeds are being donated to the Children in Need Fund.

As the original Lords v Commons match was the brain-child of Rixi Markus, it is only fitting that today's two hands should be from her interesting new book, The Rixi Markus *Book of Bridge* (Collins, £9.95).

She gives some hints on dummy play. One of the questions which the declarer should ask himself is, Am I in danger of losing too many tricks? This hand explains what she means:

N
♠ A J 10
♡ K Q 8 2
◇ 8 5 3
♣ 7 6 4

W
♠ Q 8 5 2
♡ A 6 4
◇ J 10 9
♣ K 8 2

E
♠ K 9 7 3
♡ 5
◇ Q 7 4 2
♣ Q 9 5 3

S
♠ 6 4
♡ J 10 9 7 3
◇ A K 6
♣ A J 10

East deals with North-South vulnerable, South opens with one heart, and goes to four hearts after a double raise from his partner. Counting his losers, the declarer finds that he is in danger of losing four tricks, one in each suit. The only hope of avoiding one of them is to discard a diamond on one of dummy's spades, and South must realise that this project requires his immediate attention. The count of losers points the way to the correct sequence of play.

Winning the first trick with the Ace, he must finesse the spade ten, losing to the King. He takes East's diamond return in hand, and takes a second spade finesse. The Knave holds, so he discards his diamond loser on the Ace. He then proceeds to draw trumps, and uses the heart *entries to the table* to take two club finesses. As the club honours, too, are split, he makes his vulnerable game.

This sequence of play gives the declarer the only real chance of making 10 tricks. At the same time it is interesting to note that, if West makes the brilliant play of inserting his Queen of Spades at trick two he now foils the declarer's plan, for now the absence of a quick entry to dummy means that the defence will cash its diamond trick before South can find a home for the loser.

There maye be several reasons for postponing the drawing of trumps. One reason is the dummy reversal, as we see in the next deal:

N
♠ J 9 3
♡ 10 9
◇ 7 5 4 2
♣ K Q 9 5

W
♠ A Q 6
♡ 6 2
◇ K J 10 8 6
♣ 6 3 2

E
♠ K 10 8 7 5 4 2
♡ J 8 7 3
◇ 9
♣ 8

S
♠ —
♡ A K Q 5 4
◇ A Q 3
♣ A J 10 7 4

With East-West game, South deals and bids two hearts, North replies with two no trumps, and South rebids three clubs. North raises to four clubs. South now says four diamonds, and North, realising that his two club honours must be vital, bids six clubs. West's opening lead of the spade Ace is ruffed in hand.

To draw trumps and rely on the diamond finesse, if hearts do not break, does not work, but the expert declarer gets home by reversing the dummy. At trick two he crosses to the club Queen, ruffs a spade, re-enters dummy via the club King, and ruffs another spade. Now he cashes the Ace and King of hearts and ruffs a heart. The nine of clubs draws the remaining trump, on which South throws a losing diamond, and the slam is delivered by means of seven clubs, four hearts and the diamond Ace.

E. P. C. Cotter

DIVERSIONS

Saleroom

Garrick by Gainsborough

WHILE APPEARING at the Alexandra Theatre, Birmingham, actress Adrienne Corri was much taken by an 18th century portrait hanging unobtrusively on its walls. The picture became something of an obsession and Miss Corri was able in time to accumulate evidence to convince the late Sir Ellis Waterhouse, a specialist in this field, that the painting was not only one of the earliest works by Gainsborough but that the subject was the legendary actor David Garrick.

The theatre now is selling the painting (at Christie's on Friday). It carries an estimate of £50,000-£60,000, not insignificant but suggesting that there are still some doubters among art historians that this could be the work of a 15-year-old. Without these qualms, the price would be around £200,000.

The Corri Gainsborough is just one of the paintings that makes next week the most exciting for pre-Victorian British art at auction for many months. Sotheby's, too, has a major sale, on Wednesday; and with recent auctions confirming that this is a strengthening market, some very high prices should be realised.

Christie's has perhaps the biggest coup—a group of paintings acquired by the American, Ray Livingstone Murphy, who was the Orson Welles of the art world, blazing gloriously but dying suddenly in 1953 at the age of 29. One of the first to re-discover Edward Lear's artistic skills, he occupied the last private mansion in New York's Park Avenue; his mother lived on there as a recluse. The experts from Christie's called in after she died were confronted with dozens of "lost" paintings by artists such as Benjamin West and John Martin. Indeed, Martin's "The flight into Egypt" was still lying propped against some stairs: it had never been hung. Burphy bought it in 1951 for about £70: it carries a conservative top estimate of £150,000.

Other important Murphy paintings are West's "Cicero and the magistrates discovering the tomb of Archimedes" (estimate £100,000-£120,000); two Middle Eastern views by Lear; and three works by Kneller, two of which Murphy bought from Colnaghi for £50 each in 1953 and which should now go for more than £10,000 each.

One attraction of the Murphy lots is that they are British pictures coming home, as are two Romney portraits exported to the US by the great dealer, Duveen, in the early years of this century when the American *nouveaux riches* were competing fiercely for paintings of ancestors—anyone's ancestors. Another prodigal that could be resettled in England (for, in this market, British buyers naturally predominate) is "Young Master Day." This depicts an attractive red-coated lad; Christie's attributes it to Gilbert Scott (after thanking Sir Ellis Waterhouse for his advice in the catalogue that it is the work of George Romney). In 1913, Christie's sold it to Agnew for 820 guineas as "early English school," and then on to the US. It is now valued at £200,000.

By happy chance, Sotheby's auction on Wednesday, its best in this sector for a couple of years, complements rather than confronts that at Christie's. Its greatest strength is its sporting pictures, much loved by Americans, especially those of famous racehorses. The highlight is a fanciful painting by John Frederick Herring Snr of four of the greatest horses of the early 19th century — Plenipotentiary, Touchstone, Priam and Grey Momus—with jockeys up and having a tussle at Epsom. They never actually competed in the flesh but this panorama of the sporting greats could go for more than £400,000.

Of equal interest are paintings owned by two successful modern financiers. In the 1960s and early 1970s the American, Jack Dick, bought sporting pictures by the dozen, and at bargain prices, and then quickly sold them through Sotheby's. Some were acquired by the late Sir Charles Clore and now reappear at auction.

Another Herring Snr of Oaks winner Vespa with owner, trainer and groom carries a top estimate of £200,000. It made £62,000 at the Dick sale in 1973. Mameluke, a Derby winner painted by Ben Marshall, went for £40,000 to Clore at the Dick auction and could now fetch £300,000, for Marshall now is much sought-after.

Master Day—by Stuart or Romney?

Americans are not quite so keen on hunting pictures but there should be enthusiastic bidding for John Ferneley Snr's "A hunt scurry in Leicestershire." Ferneley was perhaps the best of the early 19th century artists of the hunt, and this one depicts the Quorn in full flight. It has been in the family of Whyte Melville until now, and carries a top estimate of £180,000.

Sothebys also has some good portraits, especially of the 16th and 17th centuries. This area has shown the most rapid price appreciation, mainly because the works were ridiculously cheap a few years ago. A portrait of Charles de la Tremoille (a Chlore picture), painted by John Michael White and in a fine frame, carries a modest estimate of £15,000. Five years ago, it might have made £3,000.

The rarest picture in the sale is a prospect of Weald Hall in Essex, painted around 1700. It is a panorama of the country life of the time, with peasants in the field and the gentry at play around the big house. It is vast, 113 inches by 191, and might suit a museum. An estimate of £80,000-£100,000 seems reasonable for a slice of history and a type of picture seldom offered for sale.

Sotheby's, too, has pictures formerly in the US, notably a portrait of a lady by William Doughty. This indicates just how popular such pictures were in the 1920s, selling for 3,500 guineas in 1925 as against a £5,000-£8,000 estimate next week. But then, in 1925 it was attributed to Reynolds.

Antony Thorncroft

Collecting

When comics get serious

COLLECTING comics is a serious business. There is an annual comic convention and a thriving Association of Comic Enthusiasts with more than 200 members who are interested also in the history and development of strip cartoons.

Intensive research is carried out on every juvenile comic, story-paper and magazine, together with start/stop dates, publisher information, special editions and so on. Already, the years 1900 to 1939 are complete.

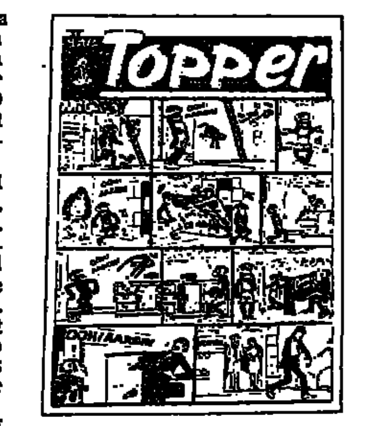
Membership of ACE is almost all male—there are only two women. The age group is mainly 30s to 70s, with the occasional 11 to 13-year-old.

Undated cover designs of D. C. Thomson and Amalgamated Press comic annuals are identified, and there are detailed listings of the free gifts that went into some issues. ACE is at 80 Silverdale, Sydenham, London SE26, and the subscription is £5 (or $12) a year.

The man behind this comic cult is Denis Gifford, whose most recent book is *The Complete Catalogue of British Comics*, including a price guide (Webb and Bower £16.95). It takes you through the early coloured numbers (older comics often had full colour on the front page only) to the goings-on of Jane, Flook, Daniel Boone and Andy Capp.

Gifford says he started collecting as a child but most of his originals were thrown out when he was evacuated in the Second World War. He is still trying to replace the number one of *Dandy*, 1937, with its "Express Whistler" free insert.

The first comic is credited as *Funny Folks*, produced by James Henderson between 1874-1894. It ran for 1,614 issues but never featured a true comic-strip hero. This was supplied by a near contemporary. *Ally Sloper's Half-Holiday*, published by the Dalziel Brothers. The character's name derived from his habit of sloping down an



The Topper, featuring Mickey the monkey

alley when the rent collector arrived. And whether holding forth on the freedom of the individual or selling rotten oysters on Brighton beach, the odd figure with his battered topper, spats and furled umbrella always came out on top.

Peak circulation was 350,000 a week but this first in a long line of rogue-heroes "died" in 1914.

That same year the first comic actually designed for youngsters appeared: *The Rainbow — the Children's Paper That Parents Approve of.* It reached a weekly circulation of around a million copies, one of which was delivered regularly to Buckingham Palace for the princesses Elizabeth and Margaret.

Gifford says the ideal condition of an old comic is mint, which means as bought on the day of publication. "But, in the main, comics are either good (having been read by the owner and filed away), or not so good, having been read, swopped and generally handed around. Most collectors are so keen to have a missing number that they will probably accept it even if it is torn, tatty or repaired."

Comics in "runs" or bulk are always much cheaper than buying a single copy. The rarest and oldest issues do not necessarily cost the most. No 1 of *Funny Folks* is in the £5 to £10 bracket while No 1 of *Beano* on July 30 1938, can go to £20 and more, says Gifford; while making the point that *Dandy's* first issue—so rare that there is no known copy in private hands—would be likely to fetch considerably less than the *Beano*.

Some of the pre-war give-away comics are extremely rare. Only one copy is known of *Lilley and Skinner's Kiddies Comic*, 1936-37, given away with their shoes. But you can probaly buy *The Ovaltiney's Own Comic* of the 1930s for between £3 and £5.

Worth considering are "libraries"—the trade term for pocket-sized comic books. They date back to the Victorian era when old story-paper serials were reprinted in paper-back format. Two new Fleetway Libraries are Air Ace and Western Picture.

Collections on a theme can be built up through comics such as *Film Fun*, *TV Comic*, and the Gerry Anderson Thunderbird series.

For further reading there is Kevin Carpenter's *Penny Dreadfuls And Comics*, the catalogue of an evocative exhibition in 1983 (£8.95 plus £1 postage from the Bethnal Green Museum of Childhood Bookshop, Cambridge Heath Rd, London E2).

To keep comics in good condition, there are some essentials. Never fold them; when restoring, trim rough edges with a guillotine, not scissors; repair tears with special document repairing tape; and store away from sunlight to prevent fading and yellowing.

June Field

Antiquarian books

Learning from times past

TO POSSESS one's own antiquarian bookshop is a dream many book collectors indulge in from time to time. It offers some of the pleasures of a good fantasy: the opportunity to look through unlimited quantities of old books in search of hidden treasure; the joy of buying cheap and selling dear; the unsubdued hope that Will Shakespeare's personally annotated copy of Hamlet will be found lurking in the next batch—perhaps with a few unknown sonnets inscribed on the end papers. Owning such a shop would be the chance to shed all those remaining guilty doubts that book collecting is an expensive and trivial occupation, less healthful than golf and less likely to win friends.

Sir William Rees-Mogg bought his first rare book in 1939 when he was 11. Over the years since he has built up a distinguished collection. When he retired from the editorship of The Times in 1981 he became the owner of the long-established firm of Pickering and Chatto: he has been a customer there for 30 years. In 1982 the business moved to premises in Pall Mall, and now Sir William has written his own book "How to Buy Rare Books," drawing on his experiences on both sides of the counter. It is published by Phaidon and Christie's at £15, in the series called Christie's Collectors' Guides.

The reputations of editors, the author remarks generously, are built by the young journalists whom he employs. When he took over Pickerings he engaged a number of experienced booksellers from other firms; they have helped in the preparation of the more specialised sections. The book is therefore something of a collective effort. It is intended as a practical guide, and the tone is uniformly serious.

Books, Sir William argues, following John Milton, are not dead things. To possess a book is in a way to possess the ideas it contains. The love of books is not, he says, "a mere fancy" nor "an attraction only to the physical object." A collector's books are "a focus of a deeply felt emotion, an expression of an important part of his personality, an enlargement and intensification of his life." Besides, you learn a lot. Over half of Sir William's store of knowledge, he confesses, derives from his collecting activities.

A section describes how the book trade works; the relationships between the dealers and the sale rooms; advice on how to place a bid; how to get yourself on the mailing list for catalogues from shops, and how to read them when they arrive.

There is a useful glossary of commonly-used terms, suggestions for further reading on more detailed aspects of books, and a list of addresses of prominent names in the trade.

Sir William is concerned, he says in the Preface, to relate to his customers in the way that a newspaper tries to relate to its readers. He is also keen to encourage new collectors and new customers. The book is therefore written mainly from the point of view of the trade rather than that of the purchaser. Novice collectors, besides buying books, are exhorted to employ dealers on commission, to take out subscriptions for auction catalogues even if they do not often buy at auction — and to settle their bills promptly.

The author is concerned principally with the more expensive end of the market where—as industrialists know — competitiveness diminishes in importance. Readers are warned that there would be no enjoyment in collecting if it were easy or cheap; sale room estimates which tend to be on the low side are described as "pessimistic." Collectors who might prefer their books to be priced in tens of pounds rather than hundreds or thousands are thus made to feel slightly uncomfortable, like someone who goes into a shoeshop with hole in his sock.)

In fact, most collectors prefer, if they can, to intercept the books at an earlier stage in the selling chain. There is no fun in paying top prices. Before books reach the international market and disappear for ever across the oceans, collectors and dealers tend to compete. But there is no mention of the book fairs which, in recent years, have become one of the best ways of inspecting quantities of antiquarian books together.

It is a pleasure to browse through, admiring the reproduced title pages of famous books and the contemporary pictures of the stages of book production. But if you give it to your godson for Christmas, be sure to give him some advice as well.

William St Clair

Designer bookbinders

Embellishment rich and rare

COAGULATED leather dust hardly sounds like a propitious ingredient for a luxury book. However, as I have discovered from a remarkable exhibition of Designer Bookbinders at Leighton House, Holland Park Road (until November 23), it is only one of many strange substances used to embellish the covers of modern fine book-bindings.

This large and richly varied collection of books represents the best of British fine-binding.

It is the work of Fellows and Licentiates of the prestigious Designer Bookbinders, a society formed 20 years ago to keep a notable British skill alive and also active through innovation and imagination. The show is not only for *cognoscenti*—the numerous but secretive band of book-collectors—but for ordinary civilised mortals who need educating in the pleasures of collecting fine bindings. A healthy peppering of red stickers shows that these books, priced between £500 and £3,000, have won their admirers.

You may be more familiar with designer jeans than designer books, and wonder what these are, and why they are eminently collectible. James Brockman, president of Designer Bookbinders, guided me through a lively, somewhat elite corner of the book world. Fine bindings of sound investment value are in a different league these days from worthy, leather-bound tomes produced by the few trade binderies to have survived the onslaught of mass publishing technology.

Nor does a designer book have anything in common with lumpy, gold-tooled red volumes, lovingly produced by some gently-reared Jemima after a course of evening classes. The Fellows of this society have served a long apprenticeship (in Mr Brockman's case, seven years on gold tooling); and may spend lean years once they set up on their own. Most make ends meet by teaching, and by repairing antique books, but the moment they wait for is when some Maecenas walks their way with a commission to exercise their skill and imagination, in creating a unique book.

Part of the pleasure of collecting fine-bindings is that for once the piper, without entirely calling the tune, can at least play something of a duet. If you have a book you enjoy—probably a limited edition—you will contact a designer whose style you admire and seems to mesh with the book's message. Although not all fine binders agree, James Brockman likes to discuss the project with prospective clients; he also believes that the theme of a book should pervade the binding.

The Leighton House show radiates out from the nucleus of a distinguished private collection, built up in 25 years by the book-binder, Elizabeth Greenhill. She has commissioned many works and warmly recommends the pleasure of acting midwife to works by such internationally famous binders as Sally Lou Smith, David Sellars ("not too much sludge," was her only request, knowing his sombre style), and James Brockman. Fine bindings do not slot in among the Penguins on your shelf; they nestle in boxes which are made as meticulously as the books, from which you take the book to show your friends.

Not all the works on sale at Leighton House conform to a traditional idea of a book, although only one is a "book-sculpture"; Dee Odell-Foster's strange G. B. Shaw set into a superbly crafted black crucifix.

Also on the bizarre end of the spectrum is a book by Philip Smith, one of the gurus of the profession, which takes the form of a Tolkienesque rift valley among towering peaks.

Half the pleasure of fine book-binding is tactile. The thrill of handling a magnificent book is at least as great as tasting vintage claret if you know only supermarket plonk, or a day's hunting on a well-schooled thoroughbred if you know only the riding-school's plugs.

It is impressive to note the range of mood which can be created simply from doublures, boards, end-papers and spines. Gloomily austere is Romilly Saumarez-Smith's handling of D. H. Lawrence's *The Ship of Death;* oppression and loneliness is the effect of David Sellars' muddy-looking *Peter Grimes*. In complete contrast, Denise Lubett's Baluchi rug motifs on a travel book are cheerfully literal, and a Faith Shannon binding conveys an extraordinary sense of a moorland landscape. Above all, visitors will be amazed in contemplation of the man-hours which lie behind these conglomerations of calf, goat, vellum and much, much more.

Patricia Morison

PROPERTY

French pastures new and old

This Loire Valley farm cottage is available for about £10,000 through Frank Rutherford, on 01-581 1978

WHEN the French want to trade up in their housing, they buy a second home rather than move. The ideal is a place in the country—a cottage, farm or village house or a maneagable manor rather than a grand chateau.

Favoured areas for both indigenous and outside buyers are Normany, Brittany, the Dordogne and Languedoc. All are regions where many of the villages, if not thriving, are surviving peacefully. Certainly, they are not dead.

There are no big For Sale boards, as in Britain; only an occasional unobtrusive *à vendre* painted on a small, scruffy sign. The mayor, or the *patron* of the local bar usually will know of any empty places that a farmer might be persuaded to sell.

In Normandy, the British are buying for holidays and investment, says Louisa Elwes of Farrar Stead and Glyn's office in Fulham Road, London SW10. It specialises in parts of Calvados, Eure, Manche, Orne and Seine-Maritime.

The office manager of Farrar Stead and Glyn's Kensington office bought a dilapidated cottage and barn in two-thirds of an acre near the fishing port of St Valery. He paid about £16,000 and spent as much again doing up the cottage, which now is a holiday home for family and friends. Further living space in the barn will come later.

A film sound-recording company bought an old house in seven acres for around £7,000 in Beauzeville, 25 kms from the old port of Honfleur. The eight outbuildings will be used as studios.

Not everything for sale is old. A new development, Le Parc de Langrinière, near the golf course at Deauville, has one-bedroom apartments at under £60,000 and a five-piece triplex, with nursery suite and vast loft area, for nearly £160,000. The smart thing is to use the accommodation for the racing season and let it out for the rest of the summer.

Nicholas Brimblecombe's organisation, Vacances en Campagne, at Bignor, near Pulborough, West Sussex, will help you to find out if living in rural France appeals. Its new brochure features manor houses to rent in the Dordogne and Normandy. For six people costs are between £275 to £620 a week, including insurance and some cleaning, but a cook is extra.

Horner Hill and Partners of East Street, Horsham, Sussex, sell in Normandy and the Dordogne. An old cider-press barn is around £30,000 and an 18th century, eight-bedroom manor about £92,000. Mr and Mrs Horner Hill are well placed to advise on the traumas: they have restored their own holiday home near Bergerac.

Brittany continues as a popular area for British buyers. Paul Burrough and his wife, Gillian, who run Burrough and Company from Kennet House, Hungerford, Berkshire, concentrate on period houses and harbour-side maisonettes on the Brittany coast. Prices vary from £20,000 to £100,000 or so; a stone mill house on a salmon and trout river 30 minutes from St Brieuc airport, is about £65,000.

Near Quimper, a coach house and some farm buildings in the 200 acres of the Chateau de Guilgiffin have been converted to delightful two-bedroom, two-bathroom cottages by Court Barton Developments of South Huish, Devon. You can buy shares from £1,500 each, entitling you to a week's stay every year for the next 30.

The company will then be wound up and the assets distributed among the shareholders who, says director Michael Groom, should reasonably expect a capital gain.

More than half the shares have been sold already, mainly to solicitors, bankers, investment managers, farmers and civil servants.

Brian Healey runs Villotel at 24, Grafton Terrace, London NW5, selling properties in Brittany, Languedoc and the Dordogne. Listings and purchase notes cost £10 for a 12-month subscription. Little places to do up start around £10,000; something large in the middle of the vineyards is about £75,000.

Frank Rutherford's useful little *Information Handbook on buying and owning property in France* is £6 from the Rutherford Agency at 51, Brompton Road, London SW5, or free if you book an inspection trip.

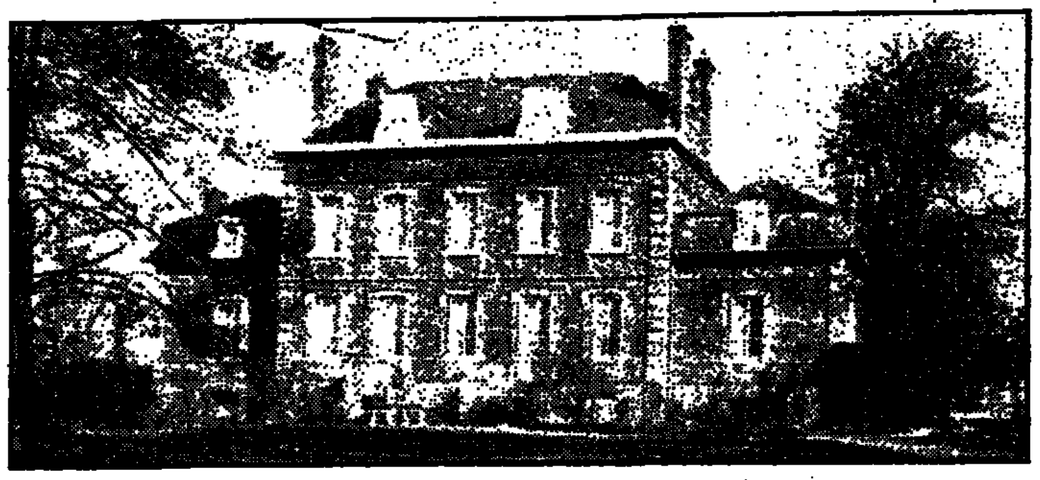
The booklet has sketches of the typical wattle-and-daub construction of the Pays d'Auge, the shallow pitch roof of the Dordogne house and attached barn, plus the wooden balconies and pigeon tower of the nearby Lot region. There also is a valuable case history of the renovation of a house and barn in south-west France.

The booklet explains the functions of:

- The *cadastre*, the land registry that maintains a map showing land split up into sections whether for a house, farm building, meadow or vineyard.
- The *géomètre*, or land surveyor, who measures and draws up plans for land detached from a large estate.
- The *notaire*, or notary, a bonded official who will hold funds as stakeholder pending completion of a deal. Legal charges also are paid to him including his fees and registration tax (roughly equivalent to stamp duty) which can amount to nearly 10 per cent on top of the purchase price of a property. For new properties, the amount is about 3 per cent. The vendor pays nothing, so when you come to sell you do not have to pay the charges again.

Mortgages up to 50 per cent are permitted to non-residents through French banks, but only if the condition of the house is habitable. Otherwise, only the improvements qualify for a loan.

June Field



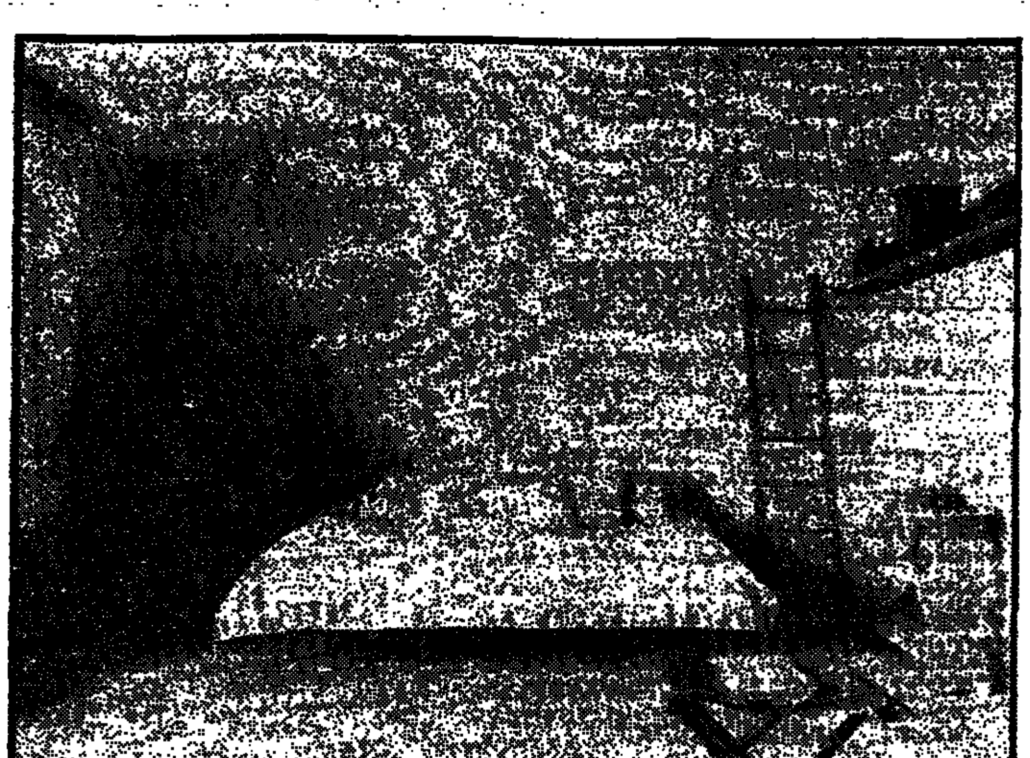
Farrar Stead & Glyn (01-373 8425) are agents for this senior house in the Seine Maritime, Normandy, priced at around £130,000

The first book I ever gave as a Christmas present cost sixpence. It was, I remember well, The Moon and Sixpence, by Somerset Maugham. It was one of those early classic Penguins and from somewhere I must have gleaned the idea that it was just the thing to keep my mother quiet over Christmas.

Looking back, what a bargain. Books used to be the staple of Christmas morning. They were cheap enough to be bought by the fistful to be used to fill up odd corners in otherwise sparse Christmas stockings. Today a clutch of Penguins will cost enough to dent the pocket while beautifully-produced tomes, with fine paper and high-quality illustrations, have become things to treasure. No longer can one afford to buy them for everybody on the present list. To be given a hardback is, these days, a mark of very special favour.

Books do have several inestimable advantages. *They* come in enough variety to suit all tastes and ages. You do not have to worry about sizes and colours and there are few that cannot be enfolded in a standard piece of wrapping paper. If the worst comes to the worst and you get it all wrong, it can always be changed.

This Christmas the choice is bigger than ever. There are enough seductive tomes to tempt any bibliophile to bankruptcy. For sheer sumptuousness it is a close-run thing between the culinary works of almost every chef in the land and the glossy glimpses into other people's houses. This week How To Spend It looks at some of the best of this autumn's books on the home.



A guest bedroom in a converted chapel in southern France is a masterly combination of simplicity and charm. Soft grey and cream colours and a few carefully chosen objects convey an air of great tranquility. From the New House Book.

The ins and outs of interiors

Lucia van der Post

The House and Garden Book of Romantic Rooms, edited by Robert Harling, published by Collins, £14.95.

For sheer escapism this is the one. Turning over the glossy pages, dipping into the impossibly pretty, sumptuous homes of the rich, the clever and the famous, is like spending an afternoon with a box of truffles — the final effect may be a little cloying but it is a lot of fun while it lasts.

If you have ever wondered what makes rooms romantic, Robert Harling, in an introductory essay, concludes that they are rooms in which form is subordinated to theme. In other words, they are rooms full of invitation. "decorated" in the sense that the pure design aesthete would surely object to; but they are, above all, full of atmosphere. They are rooms designed to evoke a mood, a feeling, where an air of comfort and escape from the outside world is all-important.

Romantic rooms, it seems, come in many moods. They may reflect a rustic simplicity, an Eastern opulence, a nautical jauntiness, a green bower, a nostalgic evocation of times gone by. Though most of these rooms seem far too grand and remote for daily life, there is much to delight the eye and inspire the home-maker.

Look at the simplicity of Elaine Wilson's London basement — a perfect example of how to use a few elements to conjure up an atmosphere of artless rustic bliss.

Look, too, at the chapter on bedrooms (headed The Most Romantic Room?). It is easy to see how an aura of inviting comfort can be created with just a few of the right props. Plump antique pillows nestling on the bed, light, clear clean colours, billowing curtains, lamps where they are needed, flowers and careful lighting—these ingredients need not be expensive, yet properly used can give much visual delight. Though at first sight you may think there is little that relates to your own way of life, look again and you will see a host of decorating ideas, a myriad ways you could give your own home something of the touch of magic many of these rooms have.

Italian Style by Catherine Sabino and Angelo Tondini (with photographs by Guy Bouchet), published by Thames and Hudson, £25.

Following on English Style and French Style (both by Suzanne Slesin and Stafford Cliff) this is another reassuring piece of evidence that national styles still flourish. All fears that some internationally-accepted set of decorating mores would emerge seem to have proved unfounded. Italian Style is indubitably not English nor French nor American. Browsing through the pages you can sense the "Italianness" behind the pictures — you can almost feel the sunshine, smell the pasta, taste the proscuitto.

Not that Italian Style, any more than English or French, is one homogenous style. It is more a mood, an attitude, an awareness of the visual image, a sense of colour and proportion all their own. You see it in the way the greengrocer arranges his fruit and vegetables, the way the barman sets out his glasses. Here you see it in the rooms and gardens.

Whether you are looking at an over-blown Alpine chalet or the wilful idiosyncracies of the Memphis group, the eclectic delights of the Missoni's villa or a spare rationalist country villa, you could never be in any doubt that these were Italian interiors. Something of their national origin transcends the gamut of styles and themes. If there is not a great deal here to copy or transpose into our own homes, there is much visual delight to be had, and much food for thought.

Terence Conran's New House Book, published by Octopus Conran, £15.

It is 11 years since Terence Conran first gave us the authentic guide to the Conran way with houses. Though times may have changed, the Conran philosophy has not. It *may have become more confident*, more clearly distilled with the passing years, but the underlying theme that stretches across the time gap is Conran's own approach to design.

Here is how he puts it in the opening paragraph of the book: "I have a taste for austerity and utility but that is certainly not to say I have no appetite for pleasure. Quite the contrary. I firmly believe that plain, simple things are superior to flashy, complicated ones, precisely because ultimately they are more pleasurable."

This sketch of a sample of antique and reproduction grates from the firm, Acquisitions, was taken from The New Decorator's Directory.

The New House Book is a restatement, a reworking of the Conran ethic, reinterpreted to meet the needs of 1985. Those familiar with the style will recognise the hallmarks — a liking for the simple, functional furniture of the world belowstairs; the careful juxtaposition of things old and intricate with things modern and plain; the taste for gentle milk and honey colours; the skilful grouping of primative artefacts; the infallible eye for true quality however unlikely its origin.

I see the book as a visual primer, a wonderful education for those with a less certain eye, a less well-developed taste or vision. But it aims to be a practical guide as well. There are essays on lighting, storage, bathrooms fixtures and all the other nitty-gritty that go to make up the well-functioning home. Personally I find it all good, sound practical stuff, but too broadly-based to be of much precise help.

Before and After Interiors by Maureen Walker, published by Ebury Press, £10.95.

This is the book that will *help you translate* that underused landing into a compact kitchen, a dingy office into a stylish dining-room, that 1960s style open-plan living-room to an oasis of 1980s style calm. In other words, it deals in the possible; the real-life transformations that do not require an international decorator and a bottomless cheque-book. It deals with life as it is lived in 1985 and the sort of decorating design problems that we all come up against every day.

Maureen Walker has taken numberless problems, shown the *before state in all its grim reality*, and then enlarged upon the transformation. She is good at pointing out the essential elements in the updated versions, at showing how sometimes just a few small changes (like rebuilding a fireplace, or altering the window treatment) can have a magical effect. Consider the placing of your pot plants, the effect of marbling a fireplace, or stencilling the floor. See how much difference a ruffled blind or one fine mirror can make to a hitherto depressing room. Give a badly-marked *sofa* a new lease of life with a wittily knotted sheet for a cover. Transform a junk shop wardrobe with a little stencilwork. If you have the time and the energy you will find no end to the things you could do to make your own home a more attractive, more *welcoming place*.

The New Decorator's Directory by Lorraine Johnson, published by Michael Joseph, £15.95.

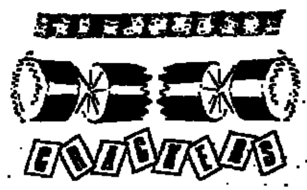
This is exactly what it claims to be: a comprehensive directory to help you find almost anything you could possibly want (and a lot that you could never imagine wanting) to furnish or modernise your house.

Searching for a Tudor-style four-poster for the bedroom or a copy of a Victorian tile? Do you want an authentic stained-glass window or some spare *metal shelving? Are you having* difficulty finding an ornate brass candelabra or a funky sofa? Whatever you may be looking for I should be surprised if this directory does not tell you exactly how and where to buy it.

Do not look to it for guidance on taste or aesthetics. It is not a source of visual inspiration; it is a complete index to who is making what, how much it costs, and to where to track it down. If you have just bought a house or are about to embark on converting one, it could make more difference to your life than anything except a cheap and competent builder. If you know anybody moving house, what better moving-in present?

The strong shape of a 19th century sofa, simply upholstered in white, is a beautiful foil to the delicacy of the frescoes and the white silk curtains behind it. From Italian Style.

Sidelines



CRACKERS HAVE improved enormously in design in the last few years, but those that catch the eye tend to be inordinately expensive and are seldom widely distributed. So, if you live in a far-flung part of the country or cannot be bothered to trek to your nearest source of "well-designed" Christmas accessories, you can now buy a selection of beautiful crackers by post.

Completely Crackers is a new young company producing a range with an authentic modern image. Its crackers are mainly simple in shape and coloured in one strong plain colour—no bits of gilt, no nostalgic trimmings, no robin red-breasts or gold bells. They look fresh, charming and inviting and there is a colour to match almost any colour scheme.

But what, you may ask, goes on inside? The answer is that the contents are all hand-made in Britain and vary from small shell-shaped soaps and chocolates to "silver" mirrors and "crystal" ear-rings, depending on the price. There are crackers featuring garters and lacy stockings, and others containing coloured almonds, and yet others filled with boxer shorts and T-shirts. You can also order personalised crackers, with each guest's name hand-written across the front.

Prices range from £1.25 each for the empty cracker (you fill it with your own gift—a nice idea, I think) to £15.93 for six of the most expensive kind, the luxury version. If you want the crackers personalised you will pay an extra £1.50 for a box of six, and you could also order one giant empty cracker (again you could fill it with anything you like) for £3.

For details write to Completely Crackers, 13, Elm Place, London SW7 3QS.

An interesting collection of jewellery can be seen and bought at Michael Fishberg, 89, Golders Green Road, London NW11 8EN. On holiday in Taranto in southern Italy, Michael Fishberg came upon a neglected museum with an extraordinary collection of original, authentic jewellery made some 2000 years ago, when the city was known as Tarantum.

He found two local craftsmen who were prepared to make up modern pieces that captured the feeling of the era and echoed the designs. They are not precise copies, but they do have a genuine Etruscan atmosphere about them. All made from 18 carat gold and precious and semi-precious stones, the jewellery is not cheap but it is special. There are earrings, collars, necklaces and bangles at prices ranging from £300-£800.

MEMPHIS, as those who follow such things will remember, was the name given to an Italian design movement that specialised in breaking all the rules. It threw out the old golden tablets of the design world ("form should follow function," "fitness for purpose") and decided that wit, fun, surprising juxtapositions, unorthodox combinations were the new way forward. It was part joke, part conscious sending-up of the whole "good taste" ethic.

It has taken a long time for the Memphis spirit to filter through to objects that ordinary people can buy or identify with (the first products, on sale at Liberty two years ago, were beyond the reach of most of us). Here, for those who wondered what Memphis was all about, is a simple, everyday object—a humble kettle—redesigned the Memphis way.

It is, as you can see, a thing of great beauty, but it is entirely lacking in solemnity. It has a whimsical maroon bird for its whistle, a Polymide pale blue and maroon handle, and its base is of stainless steel. It makes no bow in the direction of technology—you heat it up the old-fashioned way by putting it on a gas or electric ring.

Designed by Michael Grave, an American architect, it costs £38.95 and is on sale at Conran, 77 Fulham Road, London SW3.

The party season is here and if you have a pair of shoes that do not match anything in your wardrobe, Gamba can come to the rescue. It runs a special dying service which will turn your own court shoes or ballet pumps into any colour you choose, whether it is to match a pale wedding-gown, a jewel-bright ballgown, or one of this season's fashionable metallic silver, gold or bronze creations.

It costs just £4 to dye a pair of court shoes; £2.50 to dye ballet pumps. You can also buy court shoes for between £20 and £40, or ballet pumps for between £5 and £7, directly from Gamba.

The dying service takes between 7 and 10 days. Gamba shops are at 3, Garrick Street, Covent Garden, London WC2 and 78, Church Street, Weybridge, Surrey. Gamba runs a postal service as well—add £1 extra for postage and packing.

Christmas is looming ever nearer and you have not a *minute to spare*? Send for the CSI Shopping-By-Telephone Directory, the busy man's (or woman's) answer to painless shopping.

Listed in this slim little directory is a selection of companies that will take care of your present problems for a price; all you do is dial the telephone number and give the number of your credit card. Needless to say none of the suggestions is wildly original (well, you can't have everything), but many of them are highly desirable. Who, after all, wouldn't be delighted with a side of smoked salmon, with a bottle of champagne or old cognac, with an original, personally designed cake, or with a basket of fine fruit? All you need to do to get your own free copy of the Shopping-By-Telephone Directory is to send a sae (17p stamps), 9 in by 4 in to Lorraine Conn, CSI Press Office, 30, Farringdon St, London EC4 4EA.

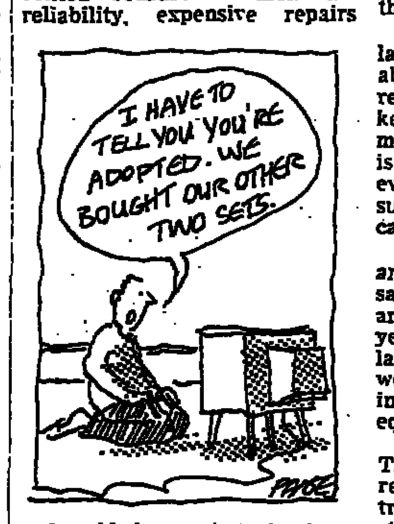
L.v.d.P.

High-tech at home

Video wisdom

SHOULD YOU rent your *television or video recorder or are* you better off buying them? The answer depends on your individual circumstances and particularly your enthusiasm to keep pace with the latest technology.

Renting has always been much more popular in Britain than in other countries. The rental industry dates back to before the Second World War when radios were usually rented because of their unreliability, expensive repairs and rapid changes in technology.



The strength of the industry has had a very significant impact on the introduction of products in the UK.

Britain took to videos with an enthusiasm unsurpassed by any other country, largely because of rental. For a time the UK was the largest video market in the world—it is probably still the third—and the number of machines per head of population remains the highest.

However, the rental companies are finding, to their alarm, that people are losing their enthusiasm for renting and prefer to buy. Early in the 1970s, when colour television grew very rapidly, around 70 per cent of sets were rented. Today, the ratio is probably just over 30 per cent for TVs and 40 per cent for videos.

There are two significant reasons why renting is falling from favour — reliability and financing. For many years, televisions were like those old radios, notoriously unreliable and the rental companies would offer to mend or replace sets at short notice. As the reliability of a TV has improved so much in the past decade, this is no longer so much of an advantage.

Also, many retailers now offer fairly cheap insurance or *maintenance contracts for* bought sets. Comet, the discount chain, is offering a "*free*" *five-year guarantee for* parts and labour on large colour models.

There are two aspects to the changes in financing. First, the price of a colour TV has remained constant since the early 1970s, which means it has fallen dramatically in real terms. But not only is the financing of a television much less of a problem for most people: there are many more ways to do it, most notably through credit cards.

On a straight financial calculation, there is little argument about whether it is better to rent or buy. If you plan to keep a television or VCR for more than about two years it is undoubtedly cheaper to buy, even using expensive credit such as hire purchase or credit cards.

Which? magazine has long *argued in favour of buying* but says: "If you are gadget-crazy and intend to change TVs every year or so to keep up with the latest technology, then renting would be worthwhile (assuming you can find exactly the equipment you want)."

However, Dr Jim Maxmin of Thorn EMI, Britain's only remaining large consumer electronics company, believes the straight comparison between rental and purchase is misleading. (He is responsible for its rental operations, such as Radio Rentals and DER, as well as sets sold under the Ferguson brand.) "Rental is a service business," says Dr Maxmin. "When you go to the retailer, you don't have the options to change something because of improved technology or a change in fashion."

The greatest argument in favour of renting is the ability *to keep up with* technological change. In the past three years, for instance, VCRs have gone from top-loading to front-loading and are half their original height.

Colour televisions also are changing. The latest development is the introduction of flatter, squarer tubes (FST) which are supposed to give a better and brighter picture with fewer reflections. Other changes include higher quality sound, including stereo, and there is the prospect of cable and satellite TVs.

As the number of renters falls, however, it becomes much harder for the suppliers to change their models. Indeed, the rental industry is not buying many sets at the moment; existing models are being recycled.

Meanwhile, I really must stop renting my own television.

Jason Crisp

High Street Wine

Takeover tastes

TAKEOVERS, such as last year's acquisition of Oddbins by Seagrams, invariably arouse fears that they will be for the worse. Such apprehensions are without foundation so far on the basis of a recent tasting of 40 fresh additions to the Oddbins list.

The range appeared to be as broad as ever although I found more of interest among the reds than the whites. Generally it is not advisable to buy wines under £2 at Oddbins. While selecting wines of a higher quality I have picked out a couple in this cheapest category.

White

Muscadet sur lie, Dom Fevrie, 1984 (£2.79). Surprisingly good for a poor Muscadet year, with a forward bouquet and more fruit than expected.

Pouilly Fumé, Dom de Boisfleury, 1984 (£3.99). If lacking the flinty dryness that one looks for in Pouilly Fumé, the nose and flavour were clean, though a shade heavy on the palate; inexpensive for this wine.

Sauvignon de St Bris, Bersan, 1984 (£3.69). This VDQS neighbour of Chablis has the typical "attacking" Sauvignon aroma and taste that some like and others do not. This is typical, but given the chance should soften.

Sauvignon, Alto Adige, Lageder, 1983 (£3.69). Less incisive, and a year older than the St Bris wine, I preferred it for its fine nose, and good balance but it is slightly sweeter.

California Emerald, Paul Masson, N.V. (£1.99). Very oaky bouquet, and slightly sweetened flavour, but good value for a party.

Schloss Böckelheimer Burweg, Riesling and Kerner, Spätlese, Keyser, 1981 (£2.79). This Nahe wine had fine flowery bouquet and with good acidity on the taste, so avoiding flabbiness.

Red

Vin de Pays de l'Agenais, Cabernet France, 1984 (£1.89). With a fair colour and aroma and the claret flavour of the Cabernet a surprisingly drinkable one-year old wine; and excellent value.

Collines de la Moure, Dom le l'Abbaye de Valmagne, 1981 (£2.85). This Midi vin de pays is a complete contrast to the wine above, with a big colour, rich, powerful nose and concentrated taste: a mouthful of wine.

Ch. Caronne St Gemme, Haut Médoc, 1980 (£4.99). A good 1980 from this reputable cru bourgeois, with very good colour, lovely nose, and a little hardness at the end.

Ch. Cantemerle, Macau, 1978 (£11.90). A good '78 from this fifth-growth and more forward than many. Good colour, a rich bouquet and still some tannin, but a wine of real class, not expensive for the vintage.

Rubesco di Torgiano, Lungarotti, DOC, 1979 (£4.55). Dr Lungarotti's wines from near Perugia are among the best new Italians developed in the *post-war period*. Brown tinged, with oaky bouquet, and a distinguished flavour. Now at its best and very good value for quality.

Castel San Michele, 1981 (£5.60) Brownish in colour, but with a fine nose and flavour. A well-balanced wine from the celebrated Alto Adige wine institute.

Cabernet Sauvignon di Miralduolo, Lungarotti, 1978 (£5.99). Another excellent Lungarotti wine, the fruit of an experimental planting of the Bordeaux grape. Big colour and cabernet bouquet and flavour. A complete wine.

Barolo Riserva, Borgogne, 1958 (£13.95). A fine matured old Barolo, brown in tinge, but with fine nose and full but rounded flavour. If the price looks high, so is the age.

Edmund Penning-Rowsell

His muse in chains

COLLECTED POEMS 1928-1985
by Stephen Spender.
Faber & Faber £12.50 (paperback, £4.95) 304 pages.

A VERSION OF THE OEDIPUS TRILOGY OF SOPHOCLES
by Stephen Spender.
Faber & Faber £12.50, 199 pages.

JOURNALS 1939-1983
by Stephen Spender.
Faber & Faber £15.00, 510 pages.

W. B. YEATS in one of his poems describes himself as "a 60-year-old, smiling public man." Sir Stephen Spender, as viewers to last Sunday's South Bank Show will have gathered, is now a smiling, 76-year-old public man. But (as Yeats explained) when a poet becomes a public man he does not cease in his soul to be a poet. As he slowly processes among—in Yeats's case—the girl-pupils of an Irish school run by nuns—a rush of images floods his brain. Out of a public duty a personal and inward-searching poem is generated.

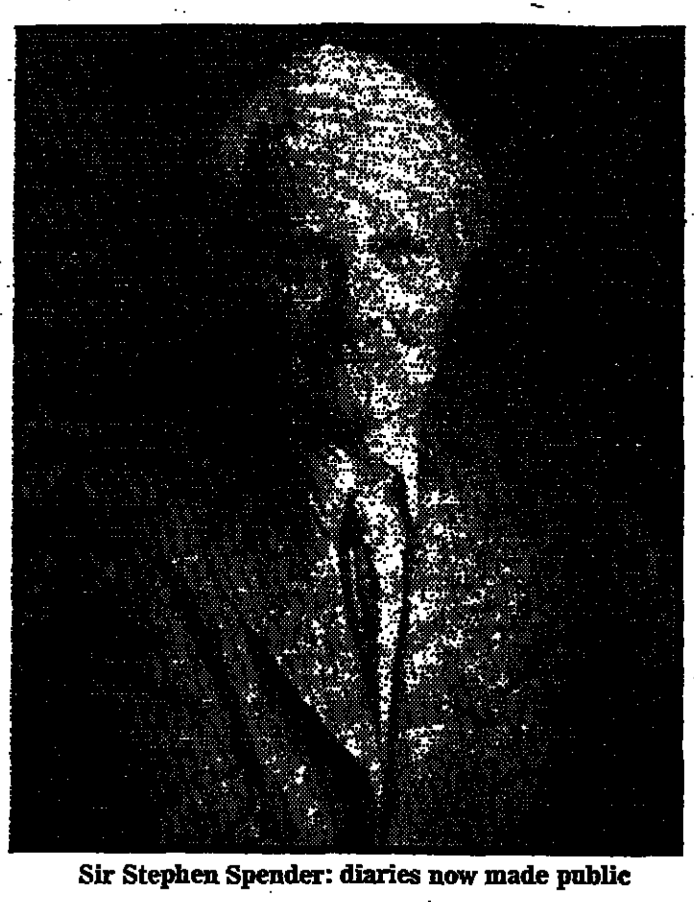
It does not always happen like that, however. Not every poet survives the pressure of public duties with his poetic soul as intact as Yeats'. In the books under review the reader can observe, blow by blow almost, the struggle which Sir Stephen has had throughout his career not to let the public figure drive the poet out of business. The Collected Poems spanning the years 1928-1985, containing such anthology pieces as The Truly Great and the Pylons, with the more personal work of recent years, is there to show that the effort has not been in vain, and it is supported by an impressive version of the Oedipus Trilogy of Sophocles in which Sir Stephen has tried to impose more of a thematic unity on the three separate plays than they have in the original Greek. An earlier version of this was performed in Oxford in 1983. And there are some poems which are little more than journal entries put into verse, as if the poet was determined to keep his hand in even when the muse had deserted him: "Dined with Auden. He's been at Milwaukee/ Three days, talking to the students/"They loved me. They were entranced'." Some of these are rather fun.

But when you have put these two substantial volumes on the scales they are together heavily outweighed, in sheer bulk if not in importance, by the 500 and more pages of the Journals 1939-1983. These plot the progress of the public man with great assiduousness. Few engagements or meetings are permitted to pass unrecorded. Sir Stephen has led an extremely active life as a public poet ever since he shrugged off his youthful flirtation with communism in the 1930s. He has lectured about poetry in a dozen or so universities and colleges in the United States, and has been Poetry Consultant to the Library of Congress. He has addressed audiences on poetry all over Europe, in Japan, in India, and when he was past 60 he became a don in the English faculty at London university for six years. Before that he was for many years co-editor of the magazine Encounter until he discovered to his astonishment (what surely many people could have told him much sooner) that it was being funded by the CIA.

All these travels and transformations from one semi-permanent or temporary post to another are charted with a wealth of acute observation and in between whiles there are the continual returns to home-base: a house in St John's Wood, another in Provence, where a wife and family consisting of a son and a daughter await him, the one fixed set of pieces in an otherwise extraordinarily kaleidoscopic existence. Even here the house often seems to be full of guests. Anyone in the future who wishes to discover how British intellectuals and artists lived in the post-Bloomsbury period, and the post-second world war period will find these journals a rich resource.

As a diarist Sir Stephen must have put in almost as many hours as those compulsive masters of the form, Harold Nicolson and Virginia Woolf; nor is his journal totally eclipsed by the comparison, even though it has been winnowed down to one volume. A more apt comparison might, though, be the Journals of André Gide. We seem to have here the same restless ideal of total versatility. The journals are used not merely as a way of recording experience but as a way of responding to experience, and in this sense the experience is incomplete without its journal entry, whether it be an attempt to fathom the inscrutable personality of a friend (say) Louis MacNeice, or set down Henry Moore's views on the use of colour in sculpture, or to understand the competitiveness of Dr Johnson, or the complexities of a late Beethoven quartet. This would be a bad thing if the Journals collected experiences like objects in a museum, but far from that, they re-activate them in sensitive passages of introspection. Occasionally these are obscure, or just plain banal, but more often they are genuinely illuminating. At these points it becomes impossible to separate the public man from the poet, the dancer from the dance.

Anthony Curtis



Sir Stephen Spender: diaries now made public

On borrowed time

BRITAIN WITHOUT OIL
by William Keegan.
Penguin Books, £2.95. 128 pages

IN HIS new book William Keegan in refreshingly plain English sweeps away the haze of complacency and confusion which still conceals from most of the British public the grim economic prospect which, in his view, will face us when N Sea oil runs out. The stark facts are these. At present the net benefit of N Sea oil to the UK balance of payments (export earnings and import saving) is between £15bn and £20bn a year. But in 1984 the total UK balance of payments was only in surplus as to about £1bn (with a £10bn deficit in non-oil trade, including the £8bn deficit in manufactures with the EEC).

So without N Sea oil the UK would now be over £10bn annually in deficit. Naturally the oil earnings will only gradually dwindle, and not suddenly disappear. But even if these earnings (now already declining) were only halved in the next five years, the gap would be huge. We have got into this plight, Mr Keegan believes, because "a golden opportunity for Britain to expand without a balance of payments constraint" has been recklessly wasted.

In 1980, 1981 and 1982 the cumulative overseas payments surplus was £15bn. But instead of this being used to build-up non-oil productive resources, some 25 per cent manufacturing capacity was actually *lost*. The worst mistakes of policy leading to this loss, in Mr Keegan's view, were the over-valuation of the £ in 1980-81 and the far too drastic deflation of demand throughout the past five years.

To those who claim that invisibles will save us, he shows pretty convincingly that the sum just does not add up. Invisibles only earn a net £3bn or £4bn a year against the prospective oil gap of over £10bn. Our much vaunted £40bn of overseas investments would (even gross) only earn £2bn or £3bn. And our share of world invisibles has also itself been falling. (If this £40bn had been partly invested in official reserves, we would at least have stronger defences against future exchange crises.)

To the argument that anyhow services are replacing manufactures and that manufacturing is somehow out of date, Mr Keegan replies that "there is no OECD-wide trend away from manufacturing." He might have added that this excuse is not very comforting when the main threat to our future solvency is the huge increase in imports of manufactures.

It would be somewhat odd if this country finally sank under the weight of imported manufactures while loudly proclaiming through our wonderful media services that manufacturing is really out of date. Not surprisingly, when it comes to remedies, Mr Keegan would rather not "start from here." But, as we must, he would advocate a controlled expansion, backed by a lower exchange rate and the sort of incomes policy (in return for expansion) that "is almost taken for granted in Japan, Scandinavia and Austria."

No doubt Mr Keegan's critics will fall back on calling him just another Cassandra. They would do well to remember that Cassandra turned out to be right.

Douglas Jay

High-tech entrepreneur

THE SINCLAIR STORY
by Rodney Dale. Duckworth
£9.95, 184 pages

WHATEVER YOU may think of Sir Clive Sinclair he is not a dull or uninteresting man. For over a dozen years he has been one of Britain's best-known entrepreneurs. Often dubbed a technological genius he has had great successes and great failures.

Sir Clive has had world firsts such as pocket calculators, digital watches and very cheap home computers. He has had disasters which run from the digital watches which did not work to the C5 electric trike which did not sell. He has brought amusement to millions with his computers and losses to many of his investors including the National Enterprise Board and more recently a number of City institutions.

Moreover, Sir Clive has been hailed as a wonderful high-tech entrepreneur from the US to the Far East and was knighted by the present government for his efforts. In spite of appearing to be slightly shy he has a great flair for personal publicity which has made him one of the most written-about businessmen of our time.

With such a rich combination of success and failure in a very public figure any biography of the man would be bound to be a good read. Alas Rodney Dale's *The Sinclair Story* is not. It is nonetheless a straightforward and accurate account of what Sinclair has done. It is also commendably up to date on what is a fast changing story and includes the collapse of Robert Maxwell's rescue of Sinclair Research but not the receivership of Sinclair Vehicles.

In spite of this topicality the book gives us few clues as to what drives the man, what tempts him to take huge risks on follies like the C5, why he is so resilient when things go badly wrong, how he motivates other people so well or any of the other really interesting aspects of the Sinclair phenomenon.

Instead we get a flat account of what he has done . . . this widget that widget, this new product that new product. Add to that the apparent dead hand of an official biography which lacks a critical eye and the result is something which Sir Clive does not deserve.

Sir Clive's bad decisions are glossed over or excused and the sometimes appalling quality of products are explained away in a rather uncritical manner. There is hardly any analysis, no insight and precious little of interest which is new. There is hardly anything about his personal life even though the author has known Sir Clive for 20 years.

It seems a pity that Mr Dale has laboured at this book and missed a great opportunity to tell us more about such an interesting man. He says that while Sir Clive co-operated with him on the biography he did not interfere with its course. If that is true, then it is a mystery why he did not probe more deeply, criticise more or even find more interesting anecdotes or views of the man from his colleagues and friends. Sir Clive may not like criticism but he is surely big enough to take it.

Jason Crisp

Sir Clive Sinclair: calculators and calculations

Enigmatic Goon man

SPIKE MILLIGAN
by Pauline Scudamore.
Granada £9.95. 318 pages.

WHERE HAVE ALL THE BULLETS GONE? WAR BIOGRAPHY VOLUME 5
by Spike Milligan.
Hobbs/Michael Joseph £9.95. 261 pages

FURTHER TRANSPORTS OF DELIGHT
by Spike Milligan.
Sidgwick & Jackson £4.95 unnumbered.

SPIKE MILLIGAN has had 38 books published, has appeared in 28 films, has produced 79 records, written 31 television shows and written and appeared in so many radio shows that it would be impossible to count them.

Yet at the age of 67 he is still an enigma, the thinking man's comedian who has always had a fanatical following but has never been an established comic in the way his friends and contemporaries, Sir Harry Secombe, Dick Emery, Peter Sellers became. The Spike Milligan name is as likely now to conjure up a tree as a gag, or more recently, the image of the heir to the throne and a gaunt white-bearded figure standing under a lamp-post in protest against its ugly orange light.

It is this maverick figure that Pauline Scudamore has had the temerity to try to pin down in print. She is most successful with his childhood and growing up. Spike, or Terence as he was christened, was born in 1918 in Ahmednagar Military Hospital, Bombay. His mother had arrived in a bullock cart but that was not a sign of poverty. The Milligan family lived with all the servants and the sense of superiority that any member of the British army enjoyed at that time.

Leo Milligan, Spike's father, had been born in Sligo; his mother, Florence Kettleband, came from an Indian army family. Both parents were committed Catholics and Spike was educated at convents—for some reason, girls' convents. In 1925, his father was posted to Burma. 'The golden years,' as dubbed by Spike, ended when Leo was forcibly retired from the army and the family—by now there was another son—had to return to a grey London with only a small pension and ideas far above two attic rooms, no bath and a cooker on the landing in Catford.

The year was 1933, Spike was 15 and his childhood was over. From now on, although totally unprepared, he was expected to earn his living. The war, calling him up six years later, was to be his real education.

At this point, Ms Scudamore may have felt her role usurped by the five volumes of war autobiographies that Spike has himself written. The fifth has just appeared and covers the all-important period in 1944 when, after bravely seeing much action, Spike had a complete breakdown and joined "the loonies" in first a psychiatric hospital and then a rehabilitation camp. Where Have All The Bullets Gone? is a very funny book, filled with stories of Spike playing his trumpet (occasionally with wet pyjamas affixed thereto as on the cover photograph), painting murals, and lusting after unattainable "Ittie" girls. But it is also filled with pain.

This theme, of a powerfully inventive spirit who battles with the horrors of depression, dominates the rest of Ms Scudamore's biography. From wartime onwards, Spike has been in and out of hospitals. More out than in, certainly, viz his extraordinary output; but always on the anxious edge of despair.

A delayed start to a television programme could be enough to break his hold on himself. His first marriage could not survive so much trauma and, to his surprise, he found himself given custody of his three young children. Responsibility to other human beings (and animals and trees) was something he took, and takes, very seriously, although neither his personality nor his ever-disappearing bank balance made this easy. His second wife died of cancer after increasing his family to four children. Now he is married again.

Despite Ms Scudamore's attentive research and conscientious quoting of Spike's succinct comments on himself, in the end the Goon remains a Goon, brilliant and incomprehensible (just like his latest picture book Further Transports of Delight). Questions to do with his illness and his religion have not been asked. For example: Is his illness due to a physical imbalance which might be controlled by pills? Did he have regular psychiatric help? Has he ever been under analysis? Or: Does he go to church now? Does he believe in God? Christ? The Virgin Mary? In the end Pauline Scudamore, a friend of the Milligan family, has been content to reflect the creative smoke-screen that Spike Milligan has made of his career. Nevertheless, the telling of his many achievements, and not just in the world of comedy, suggested to me one further unraised question: Why not Sir Spike Milligan?

Rachel Billington

Spike Milligan: brought up in India

Fiction

Afrikaners go to Paris

THE AMBASSADOR
by André Brink.
Faber & Faber, £9.95. 288 pages.

THE WORLD, THE FLESH AND THE DEVIL
by Reay Tannahill.
Century, £9.95. 479 pages.

THE FACE OF DEATH
by Lesley Grant-Adamson.
Faber & Faber, £9.95. 302 pages.

SOUTH AFRICANS in Paris 20 years ago: the Amish in Las Vegas could hardly be more stunned, bewildered and perhaps secretly enraptured not just by the brazenness and bizarreness and sexuality of everyday, visible life but by the whole modern world—freedom of ideas, the ideas themselves.

Brink wrote The Ambassador over 20 years ago in Afrikans, and at home it was thought a great shocker. Now he has Englished it and rewritten it somewhat but left it as the young man's novel it was: a wide-eyed view of a people cut off from the evils and virtues of the rest of the world, European in culture but centuries behind the modern Europe they find.

Half the book is the report of a young third secretary at the Embassy of his ambassador, who is having an affair with young Nicolette, a South African stripper more acclimatised to Paris than the rest of them. The other half gives the ambassador's side of it. Both parts are written as novels, which means the ambassador's—written for no one in particular, and interrupted by pieces of third-person narrative—is the more convincing; because a report meant for official eyes is not likely to read like a novel, and is particularly unlikely from this ambitious young diplomat.

Twice short-listed for the Booker, Brink has won prizes, French and South African, as a writer, and (the Martin Luther King Memorial Prize) for the acceptability of his views. The social and sexual freedom he gained in *The Ambassador* led him to more political freedom later. This book looks at the apartheid (separate development) of a people over the past centuries and the place it has brought them to now; it looks at it not in relation to the blacks of their own country but in relation to the rest of the world. "He was playing a part." the ambassador muses: "that of an ambassador, delegated from death to this foreign country, life." A young man's extreme view of it, sober yet dramatic, it is remarkably interesting for its Afrikaner view of the foreigners of non-Afrikaner life.

Things good of their kind demand respect and Reay Tannahill's *The World, the Flesh and the Devil* is good of its kind. Its kind, on the whole, gets little respect: it is the high-coloured, middlebrow historical novel that comes near to bodice-ripping and gadzookery (formerly called "tushery" and even, ironically, in pre-cinematic times called "Wardour Street", when it was famous not for film companies but for fake furniture). Near all this but not quite there, being more intelligent and fiery.

In early 15th-century Scotland, its hero is a bishop and the country's Chancellor; but, though officially celibate, not wholly out of reach of women—or of their dreams, at least. So, a love story with a whiff of the illicit but credible in the context of its time. The rather oddly-named Ninian at 17 falls passionately in love with this saturnine cleric and, in the last pages, settles down to bear him three sons in happy, open domesticity.

Lesley Grant-Adamson's *The Face of Death* is gripping for the first two-thirds or so, or until certainty takes over from surmise. A girl has lost her memory in a street accident and Peter Dutton has lost his wife. So, when he claims her, the hospital investigates and agrees, and she goes home with him, she becomes Carol Dutton to the world and, more importantly, to herself. Things gradually become so difficult between them that both plan to bolt (another coincidence, but rather neat and funny this time), and on a holiday week-end in Southwold carefully plan escapes which bring them both, aghast, to the same station platform at Halesworth. Two elopers, each furious to have caught, and be caught by, the other.

Smooth writing, visible, imaginable characters, readability: these take it a long way and almost make one forgive it. But the original premise and the final coincidence (who is Carol? A Women's Institute outing solves all) are just a little too much.

Isabel Quigly

More than just secretary

A QUESTION OF JUDGEMENT
By Sara Keays
Quintessential Press Ltd
£9.95, 312 pages

MS SARA KEAYS has written a rather better, certainly longer and more documented book than the extracts published in the *Daily Mirror* during the Conservative Party Conference last month suggested.

She seems to me to have established two points. The first is that she was badly treated by Mr Cecil Parkinson, her long-time lover, by the Conservative Party machine, by the media and perhaps by the establishment at large, including her own solicitors who do not appear to have served her well.

The second is that she has convinced herself that it was better to come out with the story now—particularly, she claims, for the sake of her own daughter—rather than allow the affair to be publicly forgotten.

There is a foreword by her father which says, in full:

My daughter Sara has had my entire support in the preparation of this book.

I deplore the behaviour of people in public life and in the media which has made it necessary.

There are many details, and some important facts, that were not known at the time: notably her father's intervention informing the Prime Minister directly of what was going on between Ms Keays and Mr Parkinson. It is even clearer now than it was then that some Government ministers went to work to save Mr Parkinson and that the media too willingly acquiesced in their version of the story. There is also some interesting material about how Ms Keays nearly became the Conservative candidate in the Bermondsey by-election shortly before the scandal broke only to be blocked by the Tory Central Office, where the Party chairman was Mr Parkinson.

Nevertheless, as one suspected from the start, hardly anyone comes out well. I still find it hard to believe that Mrs Thatcher made Mr Parkinson a firm offer of the Foreign Office as a reward for running the 1983 election campaign, but since she was still trying to bring him back into the Cabinet in the latest reshuffle two months ago, perhaps Ms Keays's account is correct. The gloss must be that it requires Lord Whitelaw and Mr John Wakeham, the Chief Whip, to keep a firm eye on the Prime Minister's senior appointments.

Ms Keays does not seem to have been in command of her solicitors. It should surely have been possible to have wrung out of Mr Parkinson a more revealing admission of the longstanding—and less than casual—nature of the affair than eventually emerged.

Ms Keays devotes a large part of her book to attacking the media and parades her virtue in not having sold her story earlier. In the end she sold it to the *Daily Mirror*, the very paper which had first harassed her.

It is a very sad thought, but the only conclusion one can come to is: "Hell hath no Fury. . . ."

Malcolm Rutherford

Talking heads

THEY SLEEP WITHOUT DREAMING
by Penelope Gilliatt.
Macmillan £10.85 175 pages

PENELOPE GILLIATT'S short stories are familiar to magazine readers, especially readers of the New Yorker. She has developed the art distinctively and this collection, her fifth, shows the strength of her magazine pieces very well.

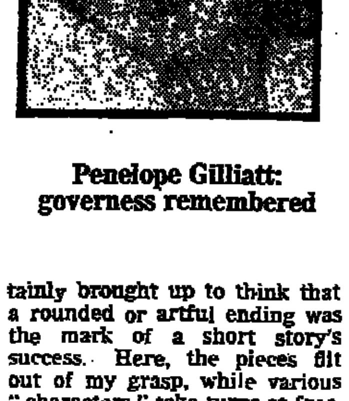
She has a columnist's ear for dialogue; her characters say things, more than they talk to each other; she likes the oddly-angled reminisence and the unconnected thought, flashing back to other places and other times. She writes stylishly, but in short sentences. Her art is not suspense or plot or the story with a final twist. She aims at the good line, as dramatists tend to, and most of these 11 stories have their fair share of them. "His careful sentences often covered ground twice, like a blunt lawnmower." "When she had written her Ph.D in advance, to save time, and then got her BA, she came down and looked for a job. . . ." In Penelope Gilliatt's experience, "most people educated by governesses, then tutors, are a long way ahead of the rest": we must know some different examples.

Her 11 stories have a wide variety of settings and persons, ranging from Poland to the Wigmore Hall, Northumberland to Shepherd Market. "Of the feared professions, accountancy seemed to Emma the most unfavoured. . . ." Penelope Gilliett is an artful conveyor of odd ambitions and small endeavours and she likes to let dottiness have its say.

One piece is perhaps a bit thin, a dramatic dialogue between Henry and Emma, a couple in their twenties pretending to be 80, but the shortest, about an opera singer's master-class, is the most effective.

My problem with several of the others is that I do not see why they end when they do. Rereading them, I tried ending them a few pages sooner and could not quite see what I had lost. I was not exactly tutored or governessed, but I was certainly brought up to think that a rounded or artful ending was the mark of a short story's success. Here, the pieces flit out of my grasp, while various "characters" take turns at free-association in their thoughts and speech.

Robin Lane Fox



Penelope Gilliatt: governess remembered

Wartime mag

LILLIPUT GOES TO WAR
edited by Kaye Webb.
Heinemann, £10.95. 288 pages.

WHEN WE choose to remember the war, we like to think how funny it was. The histories and the novels will preserve the great campaigns and the characters of their directors. But ordinary life, the life of the kitchen, the greengrocer's, the railway, even (for this is wartime) the barrack-room, all this seems to contain little that is not a kind of joke.

Lilliput, the small Penguin-sized magazine, began publication in 1937, and since its editor was a Central European, it was conscious of the imminence of war from the start. Most of its contents were humour of one kind or another, sometimes of an original and unfamiliar kind. There were the photographic doubles, with a picture on one page of some everyday sight, such as a tank or a politician, and opposite, a picture of something else connected with the first by some crafty train of thought. On the left, a farm-labourer cradling a lamb. On the right, a German gunner cradling an armful of shells.

But Lilliput was not meant only to be a clever-clever magazine. There were cartoon drawings by the cartoonists of the day. There were comic stories, sentimental stories, serious stories. There were even nudes, better nudes than you ever saw on a page three.

Kaye Webb was assistant editor of Lilliput from 1938 to 1947, so she had a great chance to select the best of what appeared in those years. There are drawings by Vicky, David Langdon, Brockbank, and cartoonists whose names are no longer around. There are splendid photographs, a run of views of St. Paul's, for example, taken after its near-miss by a bomb. There are articles by John Betjeman, Osbert Sitwell, Julian Maclaren-Ross, even Bernard Shaw.

One amusing didactic feature is the cunningly-combined tables showing, for example, the limits of human endurance, or a comparison of Hitler's recorded utterances with his very different achievements. Not the least amusing item is the advertisements on the end-pages. It is good for us veterans to see how we lived, and good for our descendents to see how we thought about it.

B. A. Young

Nestling among the trees, the Bee and Thistle Inn, Old Lyme, Connecticut, the archetypal New England country inn with a memorable line in traditional American cuisine

Make mine country-style

BRITAIN'S gastronomic gurus have come to the conclusion that UK hotel standards are on the upgrade. Credit for this praise must go, to a considerable extent, to the independently owned luxury hotels, often in rural areas, which have sprung up around the country in recent years.

This phenomenon is not confined to the UK. Throughout Europe the luxury inn has enjoyed something of a comeback in recent years in both countryside and city centre—a trend which is beginning to alarm the major international chains, armed as they are with their stock of concrete tower blocks and hospitality rules by "management systems."

Even in the US, the homeland of portion control and economy of scale, the counter-revolution is on the march. More and more of us, clearly, are demanding "personalised" quality. The small hotel is enjoying something of a revival, even though what some people call a small hotel and what I call a small hotel are sometimes different.

It seems remarkable, therefore, that one of my most useful little aids to travel in the US, Norman Simpson's paperback, The Country Inns and Back Roads of North America, is 21 years old next year. It is now a plump volume with a healthy price tag (the current edition costs $10.95 in the US) having come under the publishing umbrella of Harper and Row in 1984.

The Guide now contains inns from Arizona to Wisconsin, Colorado to Rhode Island. It is a treasure house of family establishments dedicated to old style sybarites.

It is not without flaws. European readers should study it, and its proliferating rivals, with care. There is enough descriptive material to enable the cautious reader to get a smell of the places before plunging in with a booking.

My own view is that a good inn is one where each room displays some thoughts of individual affection; where the owner/manager knows by name who is staying in what room; and where some care is taken to discover individual likes and dislikes. No "inn" worthy of the name uses door tag breakfast order forms or has to punch the computer to find your name when you check in.

I have difficulty in believing that an hotel of more than 50 rooms can provide these requirements—and some of Mr Simpson's listed establishments are considerably larger than this. Superb hotels, some of them, like the Algonquin in New York and the Lennox in Boston. But inns? Hardly.

One group of family-owned properties, working together to spread the word about what they offer, is the Inns of the Shenandoah Valley, in Virginia. These inns now produce a joint basic brochure; a useful piece of joint marketing: most of them are in the 15-25 room bracket; individual promotion abroad would be prohibitively expensive; and, also, the foreign visitor is likely to use more than one of them.

The Shenendoah valley is a superb touring area, both scenically (the Blue Ridge Parkway, one of the world's great scenic drives, is celebrating its 50th anniversary at the moment) and historically.

The inns include the Alexander Withrow House in Lexington (which this column has praised in the past), the remarkable Jordan Hollow Farm Inn (20 rooms, each complete with bath, are heavy with antiques), of particular appeal to riding enthusiasts, and the Trillium House, a new inn built in traditional style at Nellysford.

Apparently one of the problems of marketing in the past has been a confusion in European minds, particularly British minds, between country inns and bed-and-breakfast establishments (they have those in the US as well). The two are as different as chalk and cheese. Many of these American inns are competing in the end of the market probably best described as "rural luxury." You must expect to pay accordingly. Do not demand Chewton Glen standards and hope to pay motel rates.

That having been said, however, my own experience of the inns has been that the cooking tends to be country-style rather than chic. While small European hotels have tended to compete with city centres for their Michelin rosettes, the rural inns of America find their city-folk customers demand country hams, Southern chicken, buckwheat cakes, and local farm produce.

Further information: the book, Country Inns and Back Roads (North America) is available in some UK bookshops (I have seen it in Hatchards and Foyles), but unless you are planning a trip in the immediate future, I would wait until the 1986 edition is available.

The Virginia Inns will send you a copy of their brochure if you send a self-addressed envelope, with international airmail reply coupon, to Box CI, The Historic Country Inns, 11 North Main Street, Lexington, Virginia, 24450, USA. The US Travel and Tourism office in London, 22 Sackville Street W1, will provide such other details as it has to hand.

Arthur Sandles

BRIEFS

THOUGHT to be a contender for most expensive package tour ever is the $28,000-a-time trip constructed by the American Museum of Natural History under the title of "Rediscover the Great Expeditions." Flying on an all-first-class 60-70-seat jet, passengers will see the Amazon, Easter Island, Fiji, New Guinea, China, Thailand, Nepal, Kenya and Morocco with the aid of numerous guides and lecturers. UK details from MK Associates, Suite 505A, Triumph House, 189, Regent Street, London. W1R 7WE.

●

THE HALLEY'S COMET business is beginning to move into full swing. Various package tours will be offered for the best sightings. Pearl Cruises has two special "comet cruises" planned for next spring, using the Indonesian island of Bali as the earthbound focal point. Astronomers will be on board the ship, which has a programme that includes Thailand and Singapore as well as various Indonesian stop-offs.

●

WORRIED about ski fitness? The London Central YMCA has produced a ski health course to prepare potential holidaymakers for the slopes. The six-week course costs £15 and involves attendance at the YMCA for one hour a week. Two courses have been set up, one starts in November and the other in January.

●

BRITISH Airways has cut standby fares on all its American routes by up to £30. The one-way fare from London to New York and Boston has been cut from £179 to £149. The cut on the Miami sunshine route is a little less dramatic, down from £229 to £199. My own experience of getting a seat out of Miami in the winter suggests caution if relying on a prompt return.

●

COOKING weekends in France are being offered by Pleasure Wood Holidays of Lowestoft (0502) 89171. For much of the winter the weekends are aimed at paté making, with visits to local markets for ingredients and chestnut collecting on Sundays. In the spring attention will turn to jam and preserve making.

●

HOLIDAYMAKERS with a taste for an early start in Japan can now take advantage of a Japan Gray Line tour of Tokyo's giant fish market. It starts at 5.15 am, which the Japanese, in a whimsical pitch for business, say is "ideal for Western visitors waking early due to jet lag."

Silken smooth and snappy

THE ROAD from Capistrano Beach, south of Los Angeles, to Lake Elsinore is not one of those multi-laned freeways that spin their concrete webs over North America's conurbations. As it climbs through the Santa Ana Mountains, its single carriageway becomes curvy enough to be interesting to a European driver, and the suggested speed limits on bends seem absurdly low.

At least, they did to me. The Mazda RX-7 I was driving a couple of weeks ago swept round the bends at twice the "official" speed without a suspicion of tail-end twitchiness or more than minimal roll. I suppose, though, that the recommended 20 mph on a not-very acute left-hander might have been appropriate to a marshmallow-sprung sedan with about five turns of the wheel from lock to lock and no feedback from the road whatever.

The new RX-7 is on sale now in Japan, where it is called the Savanna, and in the US. It will reach Britain next spring at a price that probably will be nearer £14,000 than the £11,500 of the old model.

Although aimed mainly at the US market, which took 360,000 of the 470,000 units of the original RX-7 produced between the spring of 1978 and last summer, the new car should please British buyers who want snappy looks and ample performance combined with near silence when cruising and uncanny smoothness.

Howling engines and exhausts making noises like a marquee ripping apart in a gale no longer appeal to most buyers wealthy enough to write a cheque for a £14,000 car. Nor do they have much use for one that is not comfortable to ride in, as well as quick. The RX-7 does well on both counts.

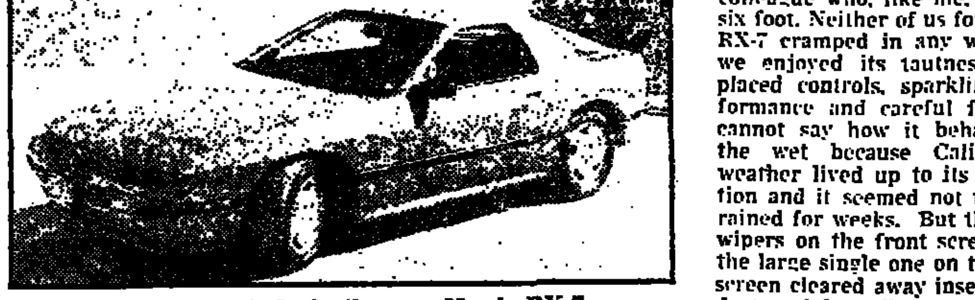
Its top speed, which matters only if you regularly exploit the freedom of the autobahnen, is around 130 mph and it gets from a standstill to 60 mph in a shade under eight seconds. The two-rotor Wankel engine is so silken as the revolutions build up that the buzzer which sounds a warning at 7,000 rpm is vital. Over-speeding would be all too easy because there is no hint of roughness as the limit is reached.

Alone among the world's car makers, Mazda has persisted in developing the Wankel engine. It ruined NSU, whose Ro80 was the first rotary engined car to go into production in the 1960s. But Mazda overcame the twin problems of short life and unreliability and is now belting out Wankels for the RX-7 (and for a few 929 saloons sold in Japan only) at the rate of 6,500 per month.

Much of the charm of the RX-7 is due to the rotary engine. Quite apart from its freedom from vibration, it is so compact that it can be set well back in the car to achieve a near ideal 50:50 weight distribution without intruding into the passenger space.

For Britain, the RX-7 will be a two-plus-two, with rear seats that are uninhabitable if the driver and front passenger are long-legged. In that case, they must be used mainly for luggage. In the US version, the back seat is optional. Instead, you can have a flat luggage platform with two lockable underfloor compartments for high value things like cameras. Jaguar uses this arrangement on the XJ-S cabriolet; many British buyers would, I am sure, prefer it for their RX-7.

The specification for Britain has not yet been finalised. At present, though, it is intended to bring them in with a full-sized spare wheel laid on top of the luggage platform, which means the only place to carry a reasonable suitcase will be on the back seat. For every other country in the world barring Switzerland, a minispare is used. This tucks away beautifully in a vertical position at the extreme rear. Mazda should summon up its courage and try it here.



Smooth and sleek: the new Mazda RX-7

Is the RX-7 a copy of the Porsche 944? From photographs, it seemed as though it might be; but the more you look at the car in the metal, the more its individuality—and overtones of the old RX-7 — come through. Mazda makes no bones about seeing the Porsche 944 and the 924S as rivals. The cars are of similar size and have similar angles of rake to their front and rear screens. There are some points of similarity, but they are probably coincidental.

Mazda admits to having bought four or five 944s to study during the RX-7's development, plus a Porsche 928, but denies that its latest sports car was made a deliberate 944 look-alike. "Bearing in mind the kind of cars they are, some similarities are unavoidable, but we really did not set out to make the RX-7 a copy of the Porsche 944," a Mazda man told me. "People said our first RX-7 looked like the Porsche 924 and that was not deliberate, either."

In the US and Japan, the RX-7 is sold with optional turbocharging and automatic transmission instead of the normal slick 5-speed gearbox. The car I drove in California was an automatic, which suited the RX-7 as well as it does the Porsche 928, but I tried manuals on Mazda's proving ground near Hiroshima and on the Riverside Raceway near San Bernardino, Cal. But eventually, Britain might get the automatic option, as well as ABS brakes.

Driving a car as hard as one dares on a proving ground or race track is entertaining but not all that relevant to the way the vast majority of buyers will want to use it. On the Mazda proving ground, bends could be taken without regard to the danger of spinning off simply because there was so much recovery space.

Under these conditions I thought the RX-7 was inclined to understeer *in extremis*, ploughing on despite a lot of steering lock and especially if you did not power it hard through a bend. This simply did not happen at more realistic speeds on the road.

The power steering, plus 60 series V-rated tyres, gave sharp response and all the roadholding one could responsibly need. One of the major features of the new RX-7 is the rear suspension. This allows the angle of the wheels to change from toe-in to toe-out according to the amount of lateral force.

At slow speeds, the rear-wheel angles encourage the tail end to come round, making the car feel more nimble. At high cornering speeds the opposite happens, keeping the tail on line and adding to its safety and stability. This really amounts to a step in the direction of four-wheel steering, which was one of the big technical talking points at the recent Tokyo Motor Show. It has already been featured on two Mazda-concept cars (and those of other makers) and could be commonplace on Japanese performance cars of the early 1990s.

The US specification RX-7 I drove had a powered sunroof, which I left open to admit the Californian sunshine while air-conditioning kept my face and feet cool. There were two position dampers to firm-up the suspension if desired. I kept these in the hard position to make it feel like the EEC specification cars. Even so, it rode very comfortably on poorly surfaced roads as well as on the freeways.

On these great highways, I was pleasantly surprised to find that the 55 mph limit seems to have become a dead letter in California. If they were uncrowded a speed limit of 60-65 mph was observed by most drivers (although when I was cruising at this speed I was overtaken by trucks big enough to dwarf our own juggernauts, as well as vans pulling yachts on trailers). But you have to keep an eye out for the police. They still issue tickets for speeding.

I shared the RX-7 with a colleague who, like me, is over six foot. Neither of us found the RX-7 cramped in any way and we enjoyed its tautness, well placed controls, sparkling performance and careful finish. I cannot say how it behaves in the wet because California's weather lived up to its reputation and it seemed not to have rained for weeks. But the twin wipers on the front screen and the large single one on the rear screen cleared away insects and dust satisfactorily.

The new RX-7 ought to please not only owners of the old one but should also make conquests among buyers who are attracted to sporting cars for their looks and refinement as much as their performance.

I suppose any car would feel pretty good when it is bright red, air-conditioned and eager to obey a driver's commands while the sun blazes down from an azure sky. But I reckon the RX-7 would be as pleasing on a rainswept M25 in the Friday night rush-hour. That is something I look forward to finding out in a few months.

Stuart Marshall

Financial Times Saturday November 16

WEEKEND FT

Private view

Bandit beams

RADIO LASER, one of the most powerful unlicensed floating radio stations beaming programmes to the UK, recently limped off the air and into harbour with electrical problems.

While Trade and Industry Department inspectors contemplated the vessel's (temporary?) demise, they should be reminded that Radio Dan, the smallest pirate station, carries on untrammelled together with other radio rebels.

Radio Dan was set up one weekend by a friend of mine in his early teens. For a transmitter he used a radio microphone, designed to carry the signal to its parent amplifier but re-tuned to infiltrate itself into the sets in his street and some way round the corner.

He has gone legitimate and is the backbone of a local hospital radio service, but the pirates still buzz through the airwaves, according to *Rebel Radio* by John Hind and Stephen Mosco (Pluto Press, £3.95). The bandits sling their aerials from tower blocks, leave their transmitting equipment on automatic pilot in lonely fields, carry no incriminating evidence if caught and generally behave much like Resistance radio operators in Occupied France. It is, incidentally, illegal even to *listen*, let alone transmit.

Radios Laser and Caroline are the successors of the 1960s pop pirates whose existence prompted the BBC to set up Radio 1. Many of the other, more specialised pirates are pointing the Home Office in the direction of new generation of "Community" stations.

For some reason, Greeks have grabbed the largest share of the unlicensed airwaves. At one time, London had seven Hellenic pirates with Voice of the Immigrants considered the brand leader.

Radio Donna has spoken out for the feminists, Radio Enoch for the extreme right and Radio Arthur — as in Scargill — for the striking miners. Ranging from Radio Activity and Radio Albatross to Radio Venus and Radio Zodiac, there is room for views not generally propagated by Radio 2. Breakfast Pirate Radio, for example, had a policy of transmitting "filth" and the slogan of "Tune in or f * * * off!"

The greatest variety came from Our Radio, which acted as an open door to several different sections, such as Radio Solidarity (half of this slot went out in Polish) and Gaywaves, which claimed to be Britain's first homosexual radio service. An anarchist bookshop provided a round-up of squatting news.

This is very much a do-it-yourself medium. For Our Radio, the state-of-the-art technology was a domestic hi-fi. Sheffield Peace Radio relied on a car cassette player and battery. Some invest in a dummy transmitter, which is then confiscated in a raid instead of the operational model.

There is not always much solidarity between the alternative broadcasters. Gaywaves complained about the "faggot" disc jockeys of other stations. Voice of the Immigrants declared that its smaller Greek rivals were giving piracy a bad name. Our Radio's main problem was trying to prevent its competitors running away with its transmitter.

This medium represents the ultimate in free market forces. It obeys no rules or official regulations, offers its staff no career or pay structure. In most cases it offers them no pay.

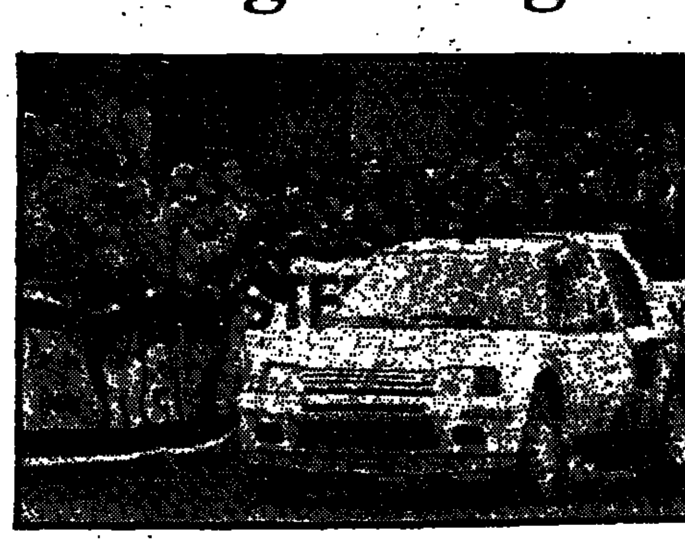
Profit is generally not a priority for the pirates and even if the stations were licensed tomorrow, shareholders would not ride a gravy train. Their appeal as an irritant to those of us who normally swear by responsible, national broadcasting from a state corporation.

If all the pirates were tamed by legality into community stations, would this be the end of the skull-and-crossbones spirit on the airwaves? No, according to *Rebel Radio*. The next move may be pirate television. Stay tuned.

Jonathan Sale

John Griffiths on the Lombard RAC Rally

Selling through supercars



Ari Vatanen crosses the finish line in his Peugeot 205 to win last year's RAC rally

MARKKU ALEN was complaining earlier this month about his medium-sized Lancia Delta hatchback being down on power. It was only putting out about 400 brake horse power. He wanted nearer 500.

A typical new Lancia Delta in the showroom costs around £6,000. That of Alen, a Finn who is one of the world's top rally drivers, cost £100,000.

The first ten cars of the 150 which will set out from Nottingham on the Lombard RAC Rally next weekend — two Deltas, a Peugeot 205, three Audi Quattros, two Toyota Celicas, an Opel Manta and an MG Metro—have a combined value of £1m.

Most have four-wheel-drive: some are turbocharged (the Lancias are fitted with turbochargers and superchargers). Their power, eight or 10 times that of the showroom cars on which they are based, provides performance which not even the most expensive roadgoing Ferraris or Lamborghinis can match—from standstill to 50 miles per hours in three to four seconds and the capacity to reach 140-150 mph in a couple of hundred yards.

They demonstrate how seriously volume car manufacturers are taking motor sport. The total mentioned above is just the tip of the financial iceberg: developing the cars, building and operating them in the World Rally Championship, of which the British event is a part, involves combined spending of many millions more.

Each of the "works" cars is expected to use over 180 tyres in five days and 2,000 miles of the RAC event. They will each have chewed up some £10,000 worth by the time the survivors reach the finish line.

It is many years since manufacturers endorsed so firmly the long-held belief that participation in motor sport can increase sales to the public.

For the past two or three decades, manufacturers competed at any one time, in opportunistic and discretionary fashion.

But Europe now has a manufacturing over capacity of more than 2m cars. As competitive pressures have mounted they have felt increasingly obliged to explore every avenue which might promote sales and keep plants operating at economic levels.

Thus even a relatively small volume manufacturer like Austin Rover, still struggling to break even at the operating level, has re-entered motor sport wholeheartedly, with a competition budget estimated at well over £1m. Mr Harold Musgrove, Austin Rover chairman, regards participation as essential—in particular to bolster Austin Rover's image on the Continent, where it is desperately anxious to increase sales.

Prevailing marketing wisdom is that by competing successfully not only are sales of a specific car but the manufacturer's entire product range are enhanced by demonstrating reliability and technological ability.

In contrast to the past the latest crop of rally supercars, have become mobile demonstrations of each company's technological "state of the art."

Thus Austin Rover has developed an entirely novel engine, developing 400 horse power, for its rallying Metro. The car has four-wheel-drive with its engine mounted amidships.

Ford has gone even further by creating an entirely new car—the RS 200.

Though these machines perform spectacularly some manufacturers remain uncertain whether such cars are a desirable development or whether they are becoming as remote from showroom models as Grand Prix racing cars. Ford did not wish to build the RS 200. It would have preferred a rally championship formula allowing more standard cars to compete.

It lost its arguments, however, before FISA, the Paris-based organisation which controls motor sport. Ford wanted a formula based on cars 5,000 of which would have to be made available for public sale. The final rules require each manufacturer to build 200 for sale, and allows them to build a further 20 "evolution" cars for competition.

The result has been something of a mad scramble to build enough such highly specialised cars to qualify. Lancia did not receive its formal approval to compete until October 31, Austin Rover not until slightly later. Ford has missed the deadline and the RS 200 will not compete until 1986.

Even without Ford, however, the line-up of entirely new cars at next week's start is probably unparalleled in the rally's post-war history. And with Austin Rover competing with an entirely new car for the first time in a decade, the turn-out is expected to be higher than usual, even for an event which regularly attracts over 1m "live onlookers."

The sheer size of the audience goes a long way towards explaining why the manufacturers are so keen to take part, while its attraction in media terms has also escalated rapidly.

A survey carried out by Ford in the US, showed that motor sport is of interest to more than half the adult population.

Trevor Bailey looks ahead in Barbados

Why England can win

SINCE arriving in Barbados I have been continually asked the same question. How will David Gower's team fare against the West Indies this winter? As we lost the last series 5-0, this may seem rather odd, but since that rout England have beaten India in India—never easy—and regained the Ashes.

Even though the Australian attack was the weakest since the war, it was still a good performance and suggests, if not a renaissance, that English cricket may at last be emerging from the doldrums. The odds still favour the West Indies, who have dominated international cricket for the past decade, but for a number of different reasons I believe England have an outside chance.

First, the West Indian players are under far more pressure than in England when they pick the best side from the 16 available. Out here the inter-island rivalry is considerable and a Jamaican batsman who has failed in the previous two tests is unlikely to be well received in Barbados. England tend to be more formidable abroad because of the team spirit, which can make a big difference in a crisis.

Second, the West Indies have lost their captain, and though Vivian Richards is the finest batsman in the world, he may have difficulties exercising the same authority and providing the same confidence as the admirable Clive Lloyd. There is also a question mark against the West Indian middle order, though whether the England bowlers will be able to exploit that weakness is a different matter.

Third, only Malcolm Marshall of the West Indian pace quartet was really lethal in England last summer. Both Holding and Garner appeared to have lost some of their fire, while Baptiste has never been quick, and Walsh is still learning his trade.

Fourth, it is a long time since the first six in an England batting line up have possessed the class of Gooch, Robinson, Gower, Gatting, Lamb and Botham, while further runs should come from Downton, Emburey and Edmonds.

However, it would be foolish to become over-optimistic about England's chances. Although runs are essential, most series are ultimately decided by bowlers and, apart from the two spinners, our attack has an anaemic look. The West Indies also appear to have discovered an endless source of fast bowlers, so that if any of the present incumbents should lose their edge there are plenty to challenge for their position.

I shall be surprised if two new West Indian speed merchants of quality are not found this winter. In addition to the pleasure of playing Test cricket and the joy of fast bowling, it provides an escape from poverty and a quick road to riches.

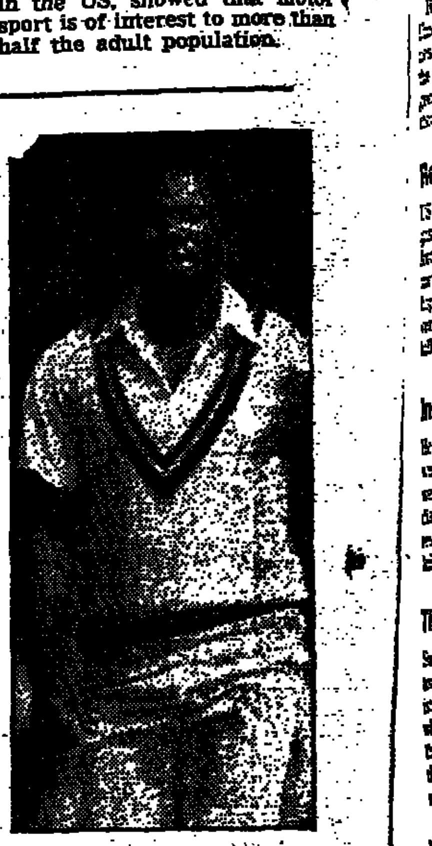
Another worry for David Gower must be the amount of protection the umpires will be prepared to give his batsmen. Nobody will complain if they are bowled out, but it will be entirely wrong if they are allowed to be blasted out by a continual barrage of bouncers.

There is exceptional enthusiasm and interest throughout the Caribbean for the tour. Above all, everybody wants to see Graham Gooch. Has he taken over the mantle of the most exciting opening batsman in the world from Gordon Greenidge? Unfortunately it may not be possible to judge this as it is still very possible that the tour will not take place.

All that is required is for one politician to want to make headlines outside the narrow world of the Caribbean and ban those members of the English team who have any connection with South Africa.

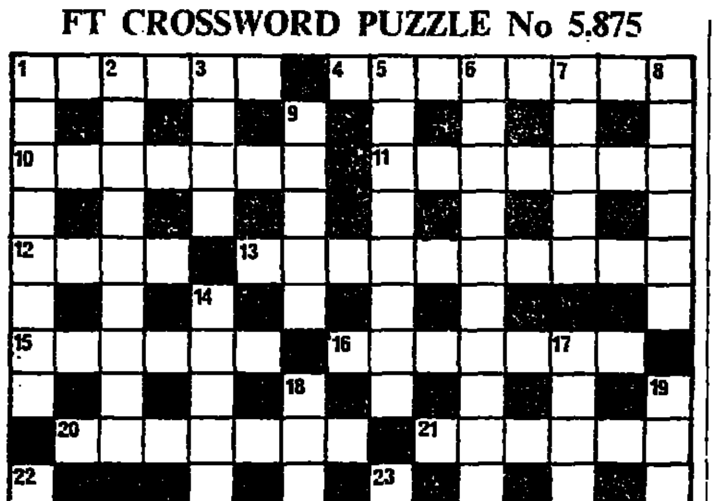
The loss of revenue to the Caribbean through England supporters having to cancel their visit would be considerable. In Barbados alone this could amount to £4m. And it would undoubtedly harm a number of tour operators, airlines and hotels.

Rather oddly, the West Indian Board of Control would not suffer financially as MCC tours do not make a profit. However, if the Test and County Cricket Board took reciprocal action by cancelling the next West Indian tour to England or demanded immediate compensation to cover the payment for England players selected for the trip, it would inevitably bankrupt West Indian cricket, which nobody who loves the game wants.



Malcolm Marshall . . . the man with the fire

FT CROSSWORD PUZZLE No 5,875



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

Five pairs of solutions, each of different length, have no clues. These are filled in by words that are the reverse of each other, such as PART and TRAP.

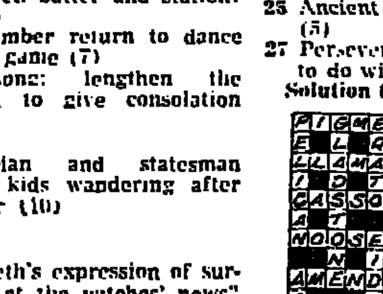
ACROSS

1 Arrive for a short day's play (6)
4 Traditional British attribute between batter and station? (3, 5)
10 A number return to dance for a game (7)
11 Bird-song: lengthen the sound to give consolation (7)
12 (4)
13 Musician and statesman were kids wandering after father (10)
15 (6)
16 (7)
20 Macbeth's expression of surprise at the witches' news? It's a gas (7)
21 Be quiet and the quarrel will probably be short (6)
24 Consider on purpose (10)
26 Bill's a man to suffer (4)
28 (7)
29 A support to the over-large is relevant (7)
30 (8)
31 Unemotional point to cover (6)

DOWN

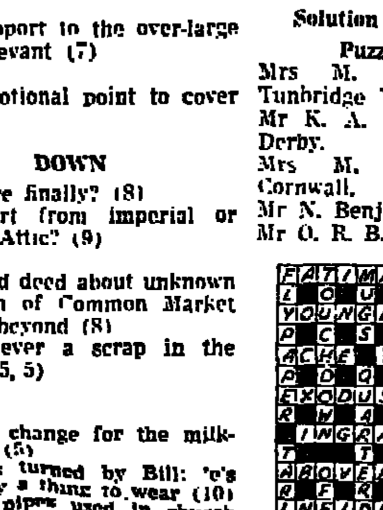
1 Deduce finally? (8)
2 Convert from imperial or metre Attic? (9)
3 (4)
5 Forged deed about unknown upturn of Common Market went beyond (8)
6 Use lever a scrap in the ring (5, 5)
7 (5)
8 (6)
9 Spare change for the milkman? (5)
14 Heads turned by Bill: 'e's hardly a change to [illegible] (10)
17 [illegible] pipes used in church (9)
18 Not [illegible] It's fashionable to believe (2, 6)
19 (8)
22 Was very fond of trouble, the far left! (6)
23 (5)
25 Ancient Priest's trousers? (5)
27 Perseverance is something to do with teeth (4)

Solution to Puzzle No. 5,874



Solution and winners of Puzzle No. 5,869

Mrs M. L. MacNaughtan, Tunbridge Wells, Kent.
Mr K. A. Woodall, Allestree, Derby.
Mrs M. Hargrove, Bude, Cornwall.
Mr N. Benjafield, London, W8.
Mr O. R. B. Slocock, Bristol.



TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am What-a-Mess. 8.35 Children of Fire Mountain. 9.00 Saturday Superstore. 12.15 pm Grandstand including 1.10 News Summary: Football Focus; Boxing; Racing from Ascot at 1.00, 1.30 and 2.05; Tennis (Benson and Hedges Championship); Badminton; Squash; and at 4.40 Classified results. 5.05 News. 5.15 Regional programmes 5.20 The Tripods. 5.45 Terry and June. 6.15 The Noel Edmonds Late Late Breakfast Show. 7.05 Bob's Full House. 7.35 Juliet Bravo. 8.25 Only Fools and Horses. 9.00 News and Sport 9.15 Murder One: "Hotline" starring Lynda Carter and Steve Forrest †10.50 Saturday Movie Classic: "The Postman Always Rings Twice" starring John Garfield and Lana Turner

BBC 2

11.50 am-1.30 pm Open University. †1.50 Saturday Cinema Double Bill: "The Train" starring Burt Lancaster, Paul Scofield and Jeanne Moreau and at 4.00 "The Gift of Love" starring Marie Osmond and Timothy Bottoms. 5.53 The Sky at Night. 6.05 Schools Prom 84 6.50 World Chess Championship 7.20 News and Sport. 7.35 Saturday Review 8.25 East Plays West at the UN. Yehudi Menuhin, Jin Li and the NHK Symphony Orchestra at the 40th Anniversary United Nations Day Concert. 9.43 The Making of Comedies. 10.00 Tennis from Wembley Arena. 10.50-12.55 am Film: "Francesco Rosi Season — Salvatore Giuliano"

LONDON

6.55 am TV-am Breakfast Programme. 9.25 TX 11.00 Terrahawks. 11.30 Mr Smith 12.00 News, 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Ice Skating. 4.15 Benson. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Child's Play. 7.00 Game for a Laugh. 7.45 3-2-1. 8.45 News and Sport. 9.00 The Professionals. 10.00 Time for Murder. 11.00 LWT News Headlines followed by Movie Premiere: "Quadrophenia" starring Phil Daniels. 1.05 am New from London (Nazareth). 2.00 Ace Crawford, Private Eye. 2.25 Night Thoughts.

CHANNEL 4

1.00 pm Channel 4 Racing from Newcastle. †3.00 "Adventures of Don Juan" starring Errol Flynn with Viveca Lindfors, 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 Hannibal's Footsteps. 7.00 News Summary followed by 7 Days. 7.30 The Planets, 8.00 Beats of the Heart. 9.00 Upstairs Downstairs. 10.00 Hill Street Blues. 11.00 Who Dares Wins . . . †11.45 "I Married a Monster from Outer Space" starring Tom Tryon and Gloria Talbott.

S4C WALES

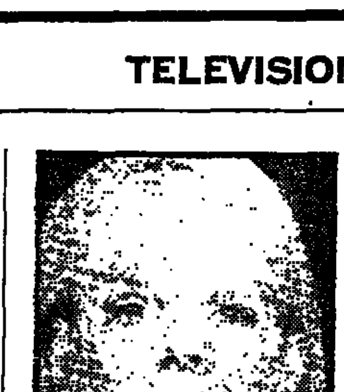
1.00 pm Weekend Racing from Newcastle †3.00 Feature Film: "Broadway Melody of 1938" starring Robert Taylor, Eleanor Powell with George Murphy, Sophie Tucker and Julie Garland. 5.00 Gardeners' Calendar. 5.30 Upstairs, Downstairs. 6.30 Hwdlibwrll. 7.00 Newyddion. 7.15 Ar y ffordd. 9.15 Y maes chwarae. 10.15 Gwl gerdd dant

REGIONS

IBA Regions as London except at the following times:

ANGLIA

11.00 am Otherworld. 4.15 pm Small Wonder. 9.00 Time for Murder. 10.00 Movie Premiere: "The Gauntlet" starring Clint Eastwood. 12.00 That's Hollywood, 12.25 am At the end of the Day.



Jill Bennett in "Time For Murder," ITV regions 9 pm, London 10 pm.

BORDER

11.00 am Otherworld. 4.15 pm Small Wonder 9.00 Time For Murder. 10.00 Film. "The Gauntlet" starring Clint Eastwood and Sondra Locke.

CENTRAL

11.00 am Otherworld. 4.15 pm Small Wonder. 9.00 Time for Murder. 10.00 Movie Premiere: "The Gauntlet" starring Clint Eastwood and Sondra Locke. 12.00 Comedy Tonight.

CHANNEL

11.00 am Puffin's Pla(i)ce. 11.10 Tarzan 11.59 Channel Islands Weather Summary. 4.15 pm Small Wonder. 5.05 Puffin's Pla(i)ce. 5.10 Blockbusters. 9.00 Time for Murder. 10.00 Movie Premiere: "The Gauntlet." 12.00 No Problem!

GRAMPIAN

11.00 am Otherworld, 4.15 pm Small Wonder. 9.00 Time for Murder. 10.00 Movie Premiere—"The Gauntlet" starring Clint Eastwood, Sondra Locke and Pat Hingle, 12.00 Reflections.

GRANADA

11.05 am Otherworld. 4.15 pm Diff'rent Strokes. 9.00 Time for Murder. 10.00 Movie Premiere: "The Gauntlet" starring Clint Eastwod and Sondra Locke. 12.00 Charlie Pride in Concert. 12.55 am Ace Crawford, Private Eye.

HTV

11.05 am Chips. 11.58 HTV News. 4.15 pm Happy Days. 9.00 Time for Murder. 10.00 Movie Premiere: "The Gauntlet" starring Clint Eastwood. 12.00 Party with the Rovers.

HTV Wales—As HTV West except: 10.00 pm Cup Rugby. 10.45-12.45 am Movie Premiere (as HTV West at 10.00 pm).

SCOTTISH

11.00 am BFA Short. 11.15 The Glen Michael Cavalcade. 4.15 pm Small Wonder, 5.35 Knight Rider. 9.00 Time for Murder. 10.00 "The Gauntlet" starring Clint Eastwood. 12.00 Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW Regional News. 4.15 pm Small Wonder. 5.05 Newsport. 5.10 Blockbusters. 9.00 Time for Murder. 10.00 Movie Premiere: "The Gauntlet" starring Clint Eastwood and Sondra Locke. 12.00 No Problem! 12.30 am Postscript.

TVS

11.00 am The Fantastic Four. 11.25 Dreams. 11.57 TVS Weather. 4.15 pm Small Wonder. 9.00 Time for Murder. 10.00 Movie Premiere: "The Gauntlet" starring Clint Eastwood and Sondra Locke. 12.00 Paul McCartney—Freeze Frame. 12.30 am Company.

TYNE TEES

11.00 am Morning Glory. 11.05 Chips. 4.15 pm Benson. 9.00 Time for Murder. 10.00 Movie Premiere—"The Gauntlet" starring Clint Eastwood. 12.00 Studio One in Concert. 12.30 am Poet's Corner.

YORKSHIRE

11.05 am The Greatest American Hero. 4.15 pm Small Wonder. 9.00 Time For Murder. 10.00 Movie Premiere: "The Gauntlet" (Clint Eastwood stars and directs). 12.00 Festival Folk (Planxty).

RADIO

(S) Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm The News Huddlines. 1.30 Sport On 2 including Tennis (The Benson and Hedges Championship); Football; Racing from [illegible]

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 8.00 News. 8.05 Record Review (S). 10.15 Stereo Release (S). 11.10 French Clarinet Music (S). 11.50 Mozart and Brahms (S). 1.00 pm News. 1.05 Heinrich Schutz (S). 1.25 English Fencing (S). 2.00 The Tchaikovsky Ballet, Swan Lake—Seiji Ozawa conducts the Boston SO (S). (3.20-3.25 Interval Reading). 4.35 Prokofiev. 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.15 Nights at the Opera. 7.30 "Deborah" Handel's oratorio direct from St Giles's Cripplegate, London (S). 8.20 Poetry Now. 8.40 "Deborah" (S). (9.30-9.35 Interval Reading). 10.30 A Provisional German. 11.00 Music from India (S). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4 with Harry Carpenter. 8.48 Yesterday in Parliament. 8.57 Weather: Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News: Money Box. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News: The Afternoon Play [illegible]

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School 9.15 Articles of Faith. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 Digame. 10.55 Deutsch Direkt. 11.20 Tele-Journal. 11.45 Blizzard's Wizard Woodwork. 12.10 pm See Hear. 12.35 Farming. 12.58 Weather News for Farmers. 1.00 This Week Next Week. 2.00 EastEnders. 3.00 Cartoons. 3.15 Fair Game. 3.50 Adventure Matinee: "Hell and High Water," starring Richard Widmark, Bella Darvi and Cameron Mitchell. 5.30 Oliver Twist. 6.00 Comedy Classic: Whatever Happened to the Likely Lads? 6.30 News. 6.40 Songs of Praise. 7.15 Hi-De-Hi! 7.45 Howards' Way. 8.35 Last of the Summer Wine. 9.10 Star Quality. 10.10 News. 10.25 Everyman. 11.05 Mozart—His Life With Music.

BBC 2

10.20-11.25 am Open University. †11.50 Champion The Wonder Horse. 12.15 pm Windmill. 1.10 States Of Your Mind. 2.00 Rugby Special. 2.30 Tennis (The Benson and Hedges Championship). 4.15 Under Sail. 4.35 Rachmaninov Masterclass. 5.20 Think-[illegible]

LONDON

[illegible] 2.30 LWT News Headlines followed by "Audie Murphy Rides Again!" 4.00 Golden Pennies. 4.30 Prince and Princess of Wales in Washington DC. 5.00 Sunday Sunday. 6.00 Albion Market. 6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 Bruce Forsyth's Play Your Cards Right. 7.45 "Romance on the Orient Express." 9.35 News. 9.50 A Fine Romance. 10.20 The South Bank Show. 11.20 LWT News Headlines followed by The Halley's Comet Show presented by Russell Grant. 12.20 am South of Watford. 12.55 American Documentary. 1.45 Night Thoughts.

CHANNEL 4

1.05 pm Irish Angle. 1.30 Face the Press. 2.00 Pob's Programme †2.30 "Journey Together," starring Richard Attenborough and Jack Watling. †4.15 "London Blackout Murders." 5.15 News Summary followed by The Business Programme presented by John Plender with Iain Carson and Susannah Simons. 6.00 American Football. 7.15 The Heart of the Dragon. 8.15 The Jewel in the Crown. 9.15 The Writing on the Wall †10.25 "Seven Days to Noon." starring Barry Jones with Andre Morell and Ronald Adam.

S4C WALES

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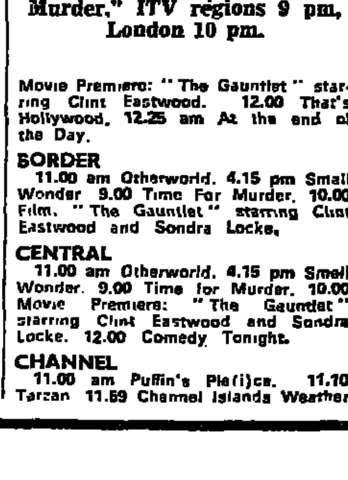
REGIONS

IBA Regions as London except at the following times:

ANGLIA

[illegible]



Richard Attenborough in "Journey Together," Channel 4, 2.30 pm.

[illegible] Diary 2.30 Sunday Cinema: The Six Million Dollar Man. 4.00 Blockbusters. 4.30 Golden Pennies. 5.00 The Prince and Princess of Wales in Washington DC 5.30 Bullseye 11.20 No Problem! 11.50 Jazz Life [illegible]

BORDER

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Records

Handel with care

HANDEL: SOLOMON. Carolyn Watkinson, Nancy Argenta, Joan Rodgers, Della Jones, Barbara Hendricks, Anthony Rolfe Johnson, Stephen Varcoe/ Monteverdi Choir, English Baroque Soloists/John Eliot Gardiner. Philips Digital 412 612-1 PH3 (three records), also on cassette and compact disc.

HANDEL: JULIUS CAESAR. Janet Baker, Valerie Masterson, Sarah Walker, Della Jones, James Bowman, John Tomlinson, etc. ENO Chorus and Orchestra/ Charles Mackerras. HMV Digital EX270232-3 (three records), also on cassette. Recorded in association with the Peter Moores Foundation.

SOLOMON (1748) comes after a run of oratorios—from *Judas Maccabaeus to Joshua* — on which Handel's fullest powers were not engaged. It marks his triumphant return to them, and marks, too, the onset of that sublime "last period," in which the full-blooded vision of life and the living is bathed in a golden glow of serenity, compassion, and spiritual wisdom. On the surface *Solomon*, with its rhyme-jingling but very competent libretto by an unidentified hand, can be accused of lacking dramatic coherence; its three acts appear to be a triptych of mostly static, decorous panels—Solomon inaugurating the temple and greeting his young queen; Solomon sitting in judgment upon the two harlots; Solomon and the visiting Queen of Sheba—related by nothing more than the impeccable qualities of its ruler-hero.

In fact, as Winton Dean sums up in his magnificent study of the oratorios (the chapter on *Solomon*, counting among the most stirring pasages of writing on music ever penned), the inner coherence of the work exerts a wonderfully firm and unfaltering grip on the listener. For this is "Handel's picture of the golden age, an ideal world in which inner tranquillity is balanced by the outward splendour and aesthetic delights of a successful civilisation."

In this respect, the work offers fruitful parallels with that later 18th-century golden age evocation, *The Magic Flute*: Solomon's Israel is a land in which the temples of Wisdom, Reason, and Nature hold sway no whit less. For Handel this was an imaginary civilisation, self-evidently not Georgian England. Yet an important part of the oratorio's richness lies in its idealisation of the English landscape—for the nightingales and zephyrs, rustically musical shepherds, and amber dawn skies variously invoked in such pictorial rapture have a recognisable, if strictly indefinable, local accent. (Perhaps it is for this reason that for myself, an adopted Englishman, works like *Solomon* and *L'allegro ed il penseroso*—musical tributes to the English countryside by the greatest-ever adopted Englishman—retain a special appeal.)

By chance, *Solomon* was the very first Handel work in which the extent and kind of his genius were suddenly, blindingly revealed to me (all Handelians can trace and vividly recall the excitement of such an experience). It was a long time ago, and it happened through the medium of Beecham's famous recording—famous for its Rabelaisian enthusiasm for the abundant colour and sensual charm of the music, famous for its massive truncations (the judgment scene removed altogether) and suffocatingly sumptuous re-scoring. The basic strengths of the work must be strong indeed to have come through such a powerfully one-sided representation of them—Dean calls the Beecham *Solomon* "a sky-scraper of misapplied industry."

People who now come new to the work through the gramophone are luckier. For the Philips recording, just published, seems to me one of the very best Handel performances in the oratorio canon. It is conducted by John Eliot Gardiner, who uses his superb band of period instruments, a choir neither too large nor too small, voice parts at the correct pitch (the title role, which Handel wrote for a woman, was assigned by Beecham to a baritone), and an edition cut only (and defensibly) in a number of arias and choruses. It has a care for stylistic rectitude, and much more than that: unlike too many of today's "authentic" musical artefacts, this *Solomon* is conceived and achieved on a properly grand scale, to which period of accuracy of size and sound proves no inhibition—quite the reverse.

In this way, indeed, Eliot Gardiner evinces an appreciation of the robustly pleasure-giving elements in the music which can fairly be called Beecham-like. There is nothing of the self-consciously skilful, polished execution, the nippy choral attack and fancy layering of movements, that marred his otherwise impressive recorded accounts of *Semele* and *Hercules*: the singing and playing *are* polished, no doubt of that—the delicacy of their combination in the Nightingale Chorus produces a moment of purest bliss—but no effect of skills elegantly paraded comes to interfere with the listener's delight in Handel.

The sole singing, though wholly competent and clean in its delivery, is not quite on this level. For the title role we really want a Janet Baker or Josephine Veasey in her exalted prime; Carolyn Watkinson tends to hoot or lose focus under pressure, and her style is that of a well-mannered princeling, not of a commanding, wise ruler. The soprano role in each act originally made up a glorious composite performance for Handel's Giulia Frasi. On records, in the absence of a singer who can marry Caballé's beauty of tone with Emma Kirkby's stylistic niceties, a different singer for each is probably the most practical route to ensuring dramatic differentiation.

It is the one Philips has followed, but without acquiring for itself three sopranos of strongly identifying, individual vocal character. The innocent purity and gentleness of Joan Rodgers' First Harlot is most touching, though she shows no very pronounced response to words; Nancy Argenta as Solomon's queen, sharing this fault, is light, accurate, unsensuous, non-legato; for the Queen of Sheba, Handel composed one of his most wonderfully full, ample airs, "Will the sun forget to streak?", but for Barbara Hendricks it seems to lie a little low. Anthony Rolfe Johnson's Zadok and Stephen Varcoe's Levite afford relief from the predominance of high voices. With all these qualifications I think this *Solomon* one of the highlights of the Handel centenary year. Apart from a curious trace of reverberance (added?) at the end of Act 1, the recording is beautifully balanced.

Giulio Cesare, in Brian Trowell's pleasant English translation, is a memento of the celebrated 1979 ENO production: apart from James Bowman as Ptolemy, all the principals are the original ones, and as such the recording should give a great deal of enjoyment. I wish that it had been made nearer the 1979 premiere, for though Dame Janet's account of the title role is as accomplished as ever, the loss of freshness is notable, and cannot be denied. Side by side with *Solomon*, the Mackerras performance, with its modern instruments and its excess of farflung vocal ornamentation, seems already a little old-fashioned, easy-going, even tame. But the opera itself has been so badly served on its various earlier recordings that a new one substantially on the side of the angels gets, and deserves, an automatic welcome.

Max Loppert

Munich Philharmonie

A city centre built to music

THE NEWS from Munich is that the city at last has a concert hall worthy of its musical traditions and its current place on the international cultural map. The trail of political and financial wrangles accompanying the construction of the new Philharmonie and the Gasteig Arts centre surrounding it were quietly forgotten this week as the people of Munich celebrated the opening of their new cultural temple. Initial impressions suggest that the trouble and expense have been worth while.

The building groups under one compact and functional roof the city's main library, adult education centre, a music conservatory, an experimental theatre (based on the Cottesloe in London), a recital hall and the Richard Strauss Institute; as well as the Philharmonie itself, and a smaller concert hall that can be adapted for music theatre.

It was the Philharmonie alone, however, that provided the starting point for the whole project and by which its success must be judged. After the bombing of the Tonhalle in 1944, Munich's orchestras had to choose between the limited capacity of the Herkulessaal and the disastrous acoustic of the Deutsches Museum. Not until the completion of more pressing post war projects such as the restoration of the National Theatre was there talk of a purpose built concert hall, and by then the competitive spirit of German *Kulturpolitik* demanded nothing less than a building to match the scale and success of the new Philharmonie at Berlin.

The original plan was to keep the building entirely under the ownership of the city. But by 1981 it was clear Gasteig was going to cost more than three times the budgeted DM 100m (£25m), and the free enterprise-minded CSU city government set up a special leasing company to attract the necessary funds from major financial institutions and manage the building when it was completed.

Through a complex set of legal and financial acrobatics, construction of the building was able to proceed unhindered and the final cost has been estimated at DM 360m (£90m). Back in power this year, the SPD has spent an inordinate amount of time trying to claw back the control ceded to the leasing company.

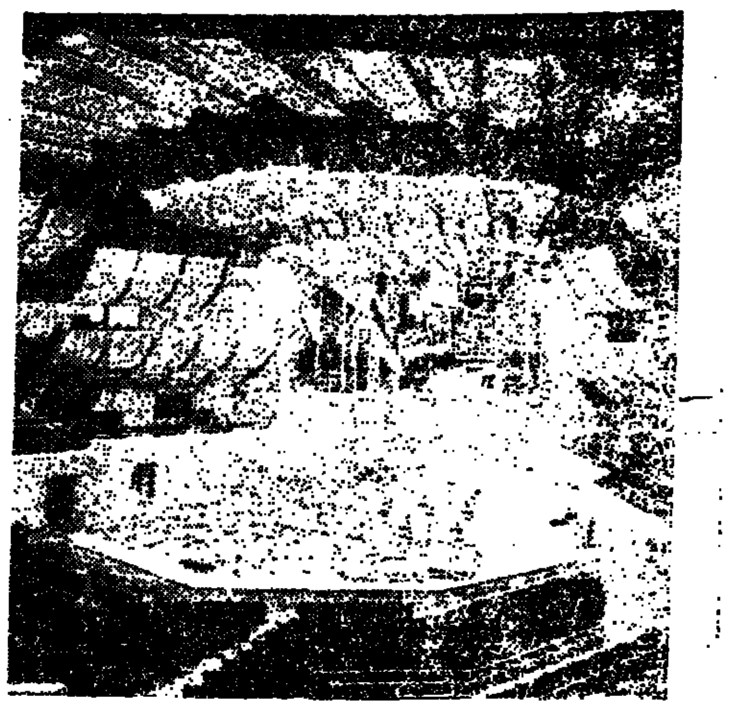
The project was formally constituted in 1969 but it was not until 1978 that the foundations were laid. As the initial idea expanded and assumed the more ambitious proportions of an arts centre, the cost and controversy mounted. A change in government from the Social Democrats to the Christian Socialists in the late 1970s, and back to the SPD last year, only served to fan the flames further.

The building is a more ambitious affair than the Alte Oper in Frankfurt, and superior in most respects to the Barbican in London. With a commanding view over the city of Munich from the south bank of the River Isar, Gasteig is easy to find and well-connected by tram and tube; furthermore, even before the formal opening of its last phase, the complex had established a healthy atmosphere through the cross currents of its many constituents.

The Philharmonie makes the biggest impression, however, through its sound. It is one of the truest concert hall acoustics I have encountered, with a bright, clear, resonance, an even instrumental balance and a fidelity to detail.

The opening cermony was dignified, well stage managed, and mercifully short. The West German president, Mr Richard von Weizsäcker, gave a speech of characteristic warmth and humour, and the Munich Philharmonic Orchestra under its principal conductor, Sergiu Celibidache, paid tribute to Munich's musical traditions with extracts from works by Richard Strauss, Orff, Pfitzner and Wagner. At a gala concert later the same day, the orchestral climaxes of Bruckner's fifth Symphony as well as the solo voices of the Tölzer Knaben in Schütz's *Musikalisches Exequien* came across with refreshing bloom and immediacy. I sat in three different places, and the variation in sound was minimal.

But first and foremost it is the home of the Munich Philharmonic. This was the orchestra—that Mahler conducted at the first performances of his Fourth and Eighth Symphonies, and which later gave the premiere of *Das Lied von der Erde* under Bruno Walter.



The 2,400-seat main concert hall

Seen through the text and copious pictures of a new history of the orchestra published to coincide with the opening of the Philharmonie, those days take on the aura of a golden age in Munich's cultural life. In the intervening period the Orchestra has had its ups and downs. The arrival of Celibidache six years ago, while raising the MPO's artistic standards and box office appeal, has brought its own problems related to the 74-year-old conductor's unpredictable and uncompromising personality. It would be premature to suggest that Gasteig heralds a new era in Munich's musical life. But on the evidence of the last few days, the prospects could hardly be more auspicious.

Andrew Clark

Dark, silent days at Covent Garden

COVENT GARDEN Opera House has just completed one of the most depressing weeks in its recent history. A strike by its orchestra has caused the cancellation of performances, and there is no sign of an end to the dispute. The Opera House has offered a pay rise of 8.5 per cent, the musicians want 10. No talks are on the horizon.

The dispute has cost £130,000 in lost revenue already, and every "dark" week adds on another £130,000. It seems certain to wipe out the £400,000 contigency fund surplus that Covent Garden planned to take into 1986-87.

What is worse is that the contingency fund surplus that shrink by another £100,000 or more by the cancellation this week of the five special gala performances planned for January of the new production of Otello. These were being sold at premium prices, but the withdrawal of Placido Domingo has forced Covent Garden to substitute a revival of an opera already in the repertoire, for which it can only charge normal prices.

The replacement opera will be announced next week and La Bohème or La Traviata is the most likely substitute. Ironically they will feature Domingo, but as they require fewer rehearsals they will not make the call on his time and voice demanded by *Otello*. So this week the £400,000 contingency fund has shrunk to about £150,000 and another "dark" week could wipe it out.

Antony Thorncroft

Opera

Eilene Hannan and John Treleaven in Katya Kabanova

Musical virtues, dramatic vices

THE MUSICAL side of this English National Opera revival carries all before it. For one thing, conductor Simon Rattle—making his debut with the company—goes at Janácek's wonderful score with fierce, searching sympathy; for another, the new cast boasts more substantial voices than the previous ones, with the happy results that Rattle doesn't have to keep the orchestra on too tight a rein, and we still hear more of the words than before. The expressive point of every passage strikes home: were this a mere concert performance, it would make the same deep impression.

Katya Kabanova is, after all, one of the most consistently original and continuously moving operas ever written. It is based on a fine Ostrovsky play, *The Storm*; Janácek — then in his mid-60s — sank himself into it with his usual selfless enthusiasm, and with his usual utterly idiosyncratic, luminously honest result.

Here and there Rattle's irrepressible vitality forced a passage too hard — there is more even-tempered music in *Katya* than he supposes; but it would be stupid to quibble against such blazing conviction. His Katya is Eilene Hannan, whose heartfelt soprano has so much warmth and weight in the lower reaches that she cannot be frail in the customary way, though theatrically she has the right nervous fragility. In fact David Pountney's "re-staging" of what used to be John Blatchley's production leaves her condition unfocused: why is this pretty, trim, poised young person so passively at the mercy of her fate?

Pountney's handling of the characters is unhelpfully static, despite flashy surroundings. There is always more specific details in the music. As Katya's extra-marital lover John Treleaven sings loud and lustily, and looks worried: Kenneth Woollam repeats his simple sketch of her drunken, mummy-ridden husband. As her lethally pious mother-in-law, the Kabanicha, Ann Howard looks lightweight, like someone merely pretending to be gruff (and earning unwanted laughs). I should call this under-direction. By force of personality the subsidiary lovers do better, Patrick Power's lively, self-important Vanya matched to Cynthia Buchan's eagerly devious Varvara, the most vividly realised creature on stage.

The producer's interventions are an ineffectual nuisance, and Nick Chelton's garish lighting obtrusive. The single Lazaridis set should do duty both as the Kabanicha's suffocating household and to the romantically liberating river, but does justice to neither. The crucial storm is stagey, and reinforced by sound-effects that contend against Janácek's musical version. Keeping the Kabanicha brooding onstage (like Klingsor with his magic mirror) throughout the love-scene is an undergraduate idea, and both that and Katya's farewell-to-life are jostled rudely by lighting-tricks and intrusive handling. Yet little damage is done: the music is made so passionately clear that the stage cartoons are sufficient illustration, and nobody should miss it.

David Murray

Images of Tommy

IMAGES OF war, even of a war so terrible as the First World War, need not be shocking or even haunting. They can be comic, pathetic or simply trivial; above all, they may be dull and bombastic propaganda.

To say that this is the case with much on view at The Great War exhibition, at The Hahn Gallery (47 Albermarle Street, W1) until November 23, in no way contradicts the historical interest of the show.

Efficient but anodyne pen-and-ink, grey-washed sketches conveyed to the people at home the necessary untruths of dapper soldiers in trenches with all mod cons. A. R. Catley showed the mass readership of The London Illustrated Weekly that on any dawn in 1915, the British looked out through their neat peep-holes at rows of German corpses, strung like washing along the wire.

Another worthy propagandist showed a tank escorted by a lone Tommy about to overwhelm a trenchful of wildly disorganised Boche. My favourite (if that is the word) is a drawing for The Graphic showing turban vanquishing tin-hat, as "East and West Meet In Mortal Combat—Indian Troops Carry A German Position."

If "Deeds That Shook The Empire" pall, there is inspiration to be derived from the extraordinary story of Harold Earnshaw, husband to Mabel Lucy Atwell

Earnshaw achieved a distinction unique in the annals of art; an able cartoonist, he lost his arm at the Somme. According to The Weekly Dispatch, the artist was not in the least put out. "I simply picked up the pen and started to sketch right away"—with the other hand—" and there seemed very little difference between my old work and the new."

Patricia Morison

Radio

Goodbye, sweet 16

"THINGS WITHOUT all remedy," said Lady Macbeth, "should be without regard: what's done is done." For seven weeks, Radio 4 will give us the history of teenagers in Britain in You'll Never Be 16 Again. They were on the starting-line in the first programme on Wednesday. National Service prolonged the remnants of school discipline. It was usual to go straight into a job when you left school. Sex before marriage was not only quite uncommon but actually disapproved.

Then the young began to discover how to spend the considerable amounts of pocket-money they earned. This money did not go on drink in the '50s; the young frequented milk-bars, not pubs. It went on clothes. Teddy Boy uniforms, remembered with horrifying accuracy, strengthened the tendency to form gangs, with their new feeling that being a teenager was itself important. "I'm dreading being grown-up," one youth was recorded as saying, "because there'll be nothing to do."

The programme, researched by Michelle Rowland, was strongly boy-oriented. Girls knew their places, with New Look skirts over lots of petticoats. While boys aped gangsters from films, girls copied models. This was all presented, either in live reminiscence or record, with no commentary. There is enough around us.

Savannah Bay (Radio 3, Wednesday) was translated and adapted from the French of Marguerite Duras by Barbara Bray. It is characteristic Duras, no action firmly described, no character completely presented. The two characters at the centre of the web of memories that suggests a tale are only met in the conversation of two people, neither of whom knows exactly what happened.

Madeleine, an elderly actress, played with impeccable uncertainty by Irene Worth, vaguely recalls a young girl swimming off a white rock, and a young man who drew her out of the sea. There was love. There was a birth, and after the birth the girl disappeared. The man never came back. The young woman, played beautifully by Helen Mirren, knows of these things only from other people's knowledge, or rumour. She may have been that baby. The groping around half-known things is wonderfully poetic.

Agreeable in a very different way was last Saturday night's Ploughboy Monday on Radio 4, a straightforward English country tale by David Pownall. Fourteen-year-old Harold leaves school in 1930 determined to go down the mine where his father works, but his father shames him by forbidding him, in front of his mates, to take on such dangerous work. So Harold runs away, precipitating a final break-up between his parents.

He gets work on a farm, and becomes a champion ploughboy. But he is a cheeky, arrogant little sod, and he hatches a scheme to get his father sacked as he had been. This is ingenious, but the great pleasure I got from the play lay in the glimpses of farm life in the '30s. Jason Littler as Harold performed very well, but his voice was still 14 when he was 17. The director was Alfred Bradley.

Strangers in the House (Radio 4, Sunday) was an interesting inquiry by Sonia Beesley into the shortage of woman MPs. The women politicians who spoke were not totally keen on women. "They don't vote," an SDP candidate complained. "They treat politics as a minority sport," said a Labour member.

Familiar arguments about bringing up children and running homes were by no means written off. We heard the familiar roll-call—Lady Astor, Margaret Bondfield (who was also the first woman Privy Councillor), Bernadette Devlin, Alice Bacon. Alice Bacon advised that women should begin at the local council and work up. I hoped to hear a word about Mrs Hilton Philipson, better known as the actress Mabel Russel, who followed her husband as MP for Berwick, but there was none.

B. A. Young

SOLUTION TO CHESS No. 594

1 Q-Q2 (threat 2 N-B3). If 1 ... K-K4 or K5; 2 N-B7, or if P-B4; 2 N-B4, or if N-B8; 2 Q-KN2, or if N-K7; 2 NxN, or if N-K3; 2 Q-R2, or if NxP ch; NxN.

Arafat petitions Gorbachev on Mideast peace

BY TONY WALKER IN AMMAN

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation, has sent a message to Mr Mikhail Gorbachev, the Soviet leader, on the eve of the Geneva summit urging him to "suport the rights of the Palestinian people" at any proposed conference on the Middle East.

Mr Arafat, in an exclusive interview with the Financial Times, said he hoped that President Reagan and Mr Gorbachev would discuss the Arab-Israeli dispute, including "its main issue, the Palestinian question, and accept to have an international conference. . . to solve this chronic problem."

The PLO chairman spoke in the early hours of Sunday morning after talks on Saturday with King Hussein of Jordan in which they considered in what form and under whose auspices an international conference might take place. It was their first meeting since hard evidence emerged last week of a growing rapprochement between Syria and Jordan which has unnerved senior members of the PLO.

Mr Arafat insisted that his relationship with the King was "strong, deep and strategic," but he allowed himself oblique criticism of a letter made public by the Hashemite monarch admitting unintentionally misleading Damascus over the activities of anti-Syrian elements in Jordan.

"He was very generous with the Syrians," Mr Arafat said. "Why isn't there a response (from Damascus) on the same lines and the same attitude?"

There is a deep emnity between Mr Arafat and President Hafez al Assad of Syria who has been telling visitors there is no prospect of reconciliation with the PLO while Mr Arafat remained in command.

Mr Arafat confirmed that recent attempts at smoothing over differences with Syria had made no progress.

Some senior Palestianian officials fear that the Jordanian-Syrian rapprochement will be used to exert pressure on the PLO in the lead-up to a proposed international conference and that the organisation may even be forced to play a secondary role at such a conference.

Mr Arafat insisted, however, that he had confidence in the King and that their accord of February 11, which is barely mentioned in Amman these days, still stands.

"The King is co-ordinating with me, not squeezing me."

The February 11 accord, which was greeted with much fanfare in Amman when it was signed, formulates principles for resolving the Arab-Israeli dispute according to United Nations and Security Council resolutions.

Among these resolutions, although not specifically mentioned, is 242, acceptance of which would involve implicit recognition of Israel's right to exist within pre-1967 boundaries.

Mr Arafat refuses publicly to endorse resolution 242, despite pressure from the King to do so. He says he is not prepared to agree to preconditions in advance of an international conference.

He indicated some thought was being given to the shape of Arab representation. He referred to a proposal that has surfaced in the past for a joint Arab delegation in which members would have more or less equal status.

Mr Arafat was adamant that the "international conference cannot only be decided by an agreement between the Arabs and the Israelis with the Americans.

"No; this international conference has to be decided by the two superpowers," he said.

"The Americans were imagining they could solve the whole issue through Camp David (the US-sponsored accords which led to the peace treaty between Israel and Egypt), but what happened? ... more tragedy, more wars

Moscow urged to ease Jewish emigration

By Walter Ellis in Tel Aviv

ISRAELI leaders yesterday called on the Soviet Union, in the context of the Geneva summit, to agree to an increase in the level of Jewish emigration.

Mr Shimon Peres, the Israeli Prime Minister, said that there were signs from latest reports to reach Jerusalem that Moscow might be ready to step up permitted emigration in the framework of "family reunion." The immediate families of those who had already been granted exit visas might be allowed to leave as well.

Mr Peres said Israel was prepared to speed up the process by "quiet diplomacy," thus meeting a Soviet requirement that publicity should be kept to a minimum.

Mr Yitzhak Shamir, the Foreign Minister, and Mr Jacob Tsur, the Immigration Minister, also pleaded for a quickening in the pace of release for the "prisoners of zion."

Talks in Oman on Middle East

KING HUSSEIN of Jordan and President Hosni Mubarak of Egypt arrived in the Omani capital last night and are expected to have talks today amid a flurry of regional diplomatic activity involving the Soviet Union, to try to further the Middle East peace process, Stewart Dalby reports from Muscat.

The two leaders are among a number of heads of state, prime ministers and other political representatives expected for Oman's national day celebrations which mark the 15th anniversary of Sultan Qaboos bin Said's accession to power.

Over the weekend the United Arab Emirates became the third member of the six-nation Gulf Co-operation Council to establish diplomatic relations with the Soviet Union, following Oman's lead last September.

Western diplomats in Muscat said they felt recognition of the Soviet Union reflected a desire amongst GCC countries to try and move closer to centre stage in the Middle East peace processes.

Zia appeals for troop cuts in Afghanistan

BY JOHN ELLIOTT, SOUTH ASIA CORRESPONDENT, IN ISLAMA BAD

PRESIDENT Zia ul-Haq of Pakistan yesterday appealed to the Soviet Union to reduce its military activities in Afghanistan so that some of the countrq's estimated 3m refugees in Pakistan could return to their homes.

Speaking as President Reagan of the US and Mr Gorbachev, the Soviet leader were preparing for tomorrow's summit, President Zia also appealed to Moscow to state a time frame for the withdrawal of troops from Agfhanistan and to give its direct backing to the United Nation's peace initiatives.

President Zia said during a wide-ranging interview that there could be "no military solution" of the Afghanistan problem and appealed to Mr Gorbachev to discuss the issue with Mr Reagan during the summit. Some Pakistan diplomats believe the most that can be expected is that the issue is put formally on the agenda for a follow-up summit. President Zia described this as the "second best we can hope for."

He believed Mr Gorbachev's wish to ease relations with the west could lead him to consider initiatives in Afghanistan. The escalation of Soviet military activities during recent months could reflect the fact that Mr Gorbachev is in a "hurry" and had therefore allowed plans to go ahead which had been drawn up by Soviet military authorities before he became leader.

President Zia reiterated Pakistan's refusal to have direct talks with Afghanistan in the forum of the Geneva peace talks which last convened in August and are scheduled to resume next month. "Direct talks are out—there can be no compromise on that," he declared.

Since the Soviet Union will not negotiate directly with Pakistan, he appealed to Mr Gorbachev to "use the good offices of the United Nations and give its backing to the peace process so that it might resolve the issue politically." This would presumably mean allowing Afghanistan to discuss withdrawal of Soviet troops.

He said that in the meanwhile "at least the Soviets should limit the activities of their 150,000 troops in Afghanistan so that some conducive environment can be formed so that some, though not all, of the refugees will go back."

President Zia has obtained considerable financial benefit from the Soviet occupation of Afghanistan because it brought international support for his military regime, notably in the form of a $3.2bn package of defence and economic aid from the US. But the presence of 3m refugees in Pakistan is creating problems, even though most live in border tribal areas where they are broadly accepted.

Pakistan has asked the US for a fresh aid package which Mr Mahbubul Haq, the Finance Minister, has described as twice the size of the present package.

East Germany is believed to have ordered its border guards not to shoot at escapees seeking to reach West Germany. The suspension of the shooting orders was believed in Bonn to be connected with tomorrow's summit meeting in Geneva or with a possible visit to West Germany by the East German President, writes Leslie Collitt in Berlin.

Mr Gerhard Reddemann, the Christian Democrat (CDU) chairman of the inner German committee of the Bundestag, said he had information that the border guards standing orders to shoot were being "suspended."

He noted the East Germany leadership may have taken this step to prevent a possible shooting of an escapee from overshadowing the Geneva summit. He said it might also be connected with a possible visit to West Germany in the near future by Mr Erich Honecker Such a visit has been widely rumoured in West Germany.

Pakistan accuses India of nuclear strike capability

BY JOHN ELLIOTT

PRESIDENT Zia ul-Haq of Pakistan yesterday accused India of having the nuclear capability to "strike against anyone they like" in spite of repeated statements by Mr Rajiv Gandhi, the country's Prime Minister, that India has not reactivated its nuclear weapons programme of the early 1970s.

President Zia's remarks come at a time when Pakistan is widely suspected of pursuing a successful nuclear weapons programme, itself a charge which it denies. President Zia's comments about his suspicions of India's activities were his most outspoken.

He made it clear he was referring to work continued by India after a test nuclear explosion in 1974. "They may not have acquired a sophisticated delivery system as yet but they are not far from it. And as for the capability of nuclear weapons, they already have acquired it and regard themselves as an unofficial member of the nuclear club," he said.

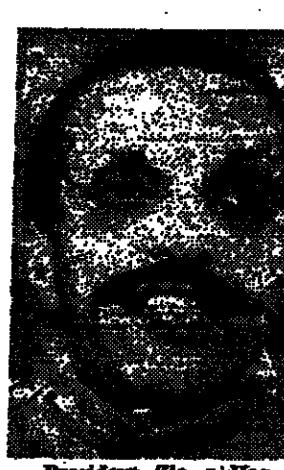
He doubted whether India would use a nuclear weapon in any conflict, including a war with Pakistan, but when asked whether he thought India could drop a bomb on Pakistan, he said "Yes, they have the capability to strike against anyone they like."

President Zia yesterday stated publicly for the first time that he will retire as Pakistan's Chief of Army Staff when the country's martial law is lifted at the end of next month. He said he would remain President until elections in 1990 and would then retire from that post as well.

President Zia, a career army officer who ousted the late Prime Minister Bhutto in 1977 and formed a military regime, said it would be inappropriate for him to stay in the post "when as Chief of Army Staff I have no role to play."

This could change the balance of authority in the country, although he will still have considerable presidential powers under amendments to the country's constitution which have absorbed many of the existing martial laws.

He says he does not want political parties to operate until just before the scheduled 1990 elections. This will leave him considerable scope to influence the country's non-party assembly, which was elected early this year and Mr Mohammad Khan Junejo, the Prime Minister.



President Zia ul-Haq

Pakistan feels it has regained the initiative from India in a nuclear debate in the United Nations Assembly in New York which hit international headlines in October.

Earlier in the year Mr Gandhi threatened India would consider reactivating India's abandoned nuclear weapons programme if it were proved that Pakistan had developed a nuclear bomb. He had wanted to persuade the US to take direct action to curb Pakistan, but failed. India was then annoyed by a US suggestion that the two south Asian countries should jointly launch a regional non-proliferation initiative.

"After five years of battle we have succeeded in defining the correct approach for the aim of the US which is to stop proliferation. That demands that anyone anywhere in the region should be equally treated," President Zia said.

"But I do not think India will buy this because they are on a much higher technological and scientific plane and they do not want to be equated with Pakistan," he said.

President Zia clearly feels he has outmanouevered India by putting forward a five-point offer at the UN, based on both countries acceding to the international non-proliferation treaty, accepting full international safeguards, inspecting each other's facilities, renouncing acquisition of weapons, and making South Asia a nuclear-free zone.

India has rejected this. New Delhi argues that it cannot trust Pakistan, and that it is not prepared to open its indiginously developed nuclear technology to inspection or leave itself at a disadvantage to China, its large neighbour.

"I went to Mr Gandhi in New York and said here are the proposals. If you can't find any of them comprehensive or practical then please tell me another and I will consider it. But we have neither got a yes to our proposals nor a fresh proposal from them. We have an open mind. Let them suggest anything more," President Zia said yesterday. He described general relations with India as "satisfactory" but not as "intimate" as they should be for co-operation.

Mr Gandhi has complained in recent months that cordial talks he has had with President Zia have been quickly soured by Pakistani army action against Indian troops in northern Kashmir and by Pakistan training extremist Sikhs.

President Zia said the clashes in Kashmir and Sikh problems were "India's creation not ours. To blame Pakistan for them is highly unfair."

Mr Gandhi said last week in India that he was ready for wide-ranging talks with Pakistan. In response President Zia said this was a "very happy augury" and looked forward to meeting Mr Gandhi at a function in Oman today.

Over the weekend trade talks between the two country's economic and trade ministers in New Delhi led to a fresh pledge to expand their countries' public sector-oriented small-trading activities, especially in the private sector. Joint industrial ventures will also be explored in both countries.